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THE SENATE OF CANADA



PROCEEDINGS

OF THE

STANDING COMMITTEE

ON

BANKING AND COMMERCE

ON

BILL J—An Act respecting Shipping in Canada

No. 1

The Honourable FRANK B. BLACK,
Chairman

WITNESSES:

- Mr. H. B. Smith, Toronto, Ontario, President of the Collingwood Shipyards, Limited.
- Mr. T. R. Enderby, Montreal, Quebec, Manager of the Canada Steamship Lines.
- Mr. F. H. Keefer, Ottawa, Ontario, representing the Paterson Steamship Limited.
- Mr. Gordon P. Campbell, representing the elevators in the Eastern division.
- Mr. C. J. Burchell, K.C., Halifax, Nova Scotia, representing Dominion Steel and Coal Corporation.
- Mr. P. F. Bredt, Winnipeg, Manitoba, representing Alberta, Saskatchewan and Manitoba Pool Organizations.

OTTAWA

J. O. PATENAUDE, ACTING KING'S PRINTER

1933

STANDING COMMITTEE ON BANKING AND COMMERCE

The Honourable FRANK B. BLACK, Chairman

The Honourable Senators:

Aylesworth, Sir Allen.	Horsey.	Riley.
Ballantyne.	Hughes.	Schaffner.
Beaubien.	King.	Sharpe.
Beique.	Laird.	Sinclair.
Black.	Lemieux.	Smith.
Brown.	L'Esperance.	Stanfield.
Casgrain.	Little.	Tanner.
Dandurand.	McGuire.	Taylor.
Dennis	McLennan.	Tessier.
Fisher.	McMeans.	Webster.
Foster.	McRae.	White (<i>Inkerman</i>).
Gordon.	Meighen.	White (<i>Pembroke</i>).
Graham.	Murphy.	Wilson (<i>Rockcliffe</i>).
Griesbach.	Planta.	Wilson (<i>Sorel</i>).

Quorum (42).

THE SENATE,
TUESDAY, April 4, 1933.

The Standing Committee on Banking and Commerce, to whom was referred Bill J, "An Act respecting Shipping in Canada," met this day at 10.30 a.m. in Committee Room No. 262.

Hon. Mr. Black in the Chair.

The CHAIRMAN: Gentlemen, I have asked the official reporters to be present this morning. Is it the pleasure of the Committee that the evidence to be taken to-day be reported and printed?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: How many copies, 800?

Hon. Mr. DANDURAND: Have you obtained authority from the House?

The CHAIRMAN: Not yet.

Before we proceed further I have some messages to read to the Committee. The first is a telegram from Mr. R. S. Law, President of the United Grain Growers, Limited. His telegram is dated yesterday and is from Winnipeg. It reads:—

The Hon. F. B. BLACK,
Chairman, Senate Committee on Transportation and Commerce,
The Senate, Ottawa.

We desire to lay before the Committee on Transportation and Commerce an expression of opinion from United Grain Growers Limited with respect to the definition of coastal trade of Canada, which is included in subsection twelve of section three of Bill J, The Canada Shipping Act, which is now before that Committee.

The principal interest of this to the Canadian grain trade and to the producers of grain in western Canada, including many thousands of shareholders and customers of United Grain Growers on whose behalf this company feels it necessary to speak lies in connection with the Buffalo route for lake transportation of grain and also in the competition in lake freights which the use of that route has made possible.

While we recognize that certain conditions in lake transportation have at times driven lake freights on grain down to levels unremunerative to vessel owners and lower than could be maintained for any great length of time, we must point out that the competition from United States vessels has at times in the past been an important factor in holding down lake freights and we fear dangers to the interests of grain producers if such competition is permanently eliminated.

This is in line with the evidence we proposed to listen to this morning. Mr. Law intended to come but found he was unable to get here and sent this wire stating the position of the United Grain Growers Limited.

I have another telegram here but I will not read it now because it is not pertinent to the evidence we shall be listening to this morning. I will refer to it when the proper time arrives.

The following gentlemen are present this morning:—

- Mr. Horace B. Smith, President of Collingwood Shipyards Limited, Toronto.
Mr. P. F. Brett, representing Western Wheat Pool organization, Winnipeg.
Mr. T. R. Enderby, General Manager of Canada Steamships Limited, Montreal.
Mr. F. Hugh Keefer, Ottawa, and Captain T. W. Timmouth, Montreal, representing the Patterson Steamships Limited.
Mr. George Donovan, representing the Union Transit Company Limited, the Foote Transit Company Limited, and Lake Steamship Company Limited.
Mr. Gordon P. Campbell, Toronto, representing Toronto Elevators Limited, Sarnia Elevator Company Limited, Midland Simcoe Elevator Company Limited, The Great Lakes Elevator Company Limited, Collingwood Terminals Limited, and Goderich Elevator and Transit Company Limited.

The Inland Shipping Company of Winnipeg have advised that they are not sending a representative, and are quite willing to leave their interests in the hands of the Committee.

Right Hon. Mr. MEIGHEN: Mr. Sidney Smith, President of the Winnipeg Grain Exchange, who expected to be here on behalf of that body, telephoned me from New York that he could not possibly be present to-day and gave his reasons. I presumed, in the name of the Committee, to say that under these circumstances we would be prepared to hear him to-morrow.

I would suggest that as the Bill now reads it is to the effect that coasting trade, as it will be known in the law of Canada in future, will include voyages between Canadian ports even in cases where there is transmission at an American port in the meantime, and that those who are opposed to that statement of the law should be heard first in opposition. I understand Mr. Horace B. Smith would like to be heard first.

Mr. HORACE B. SMITH: Mr. Chairman and honourable gentlemen, the laws regarding the coasting trade as set out in this Bill in a general way are acceptable to the ship-builders of Canada. The coastwise trade is well-defined in the Act and it would appear as if the ship-builders and ship owners will have some form of protection which will be of benefit to them. Section 772 of the Bill provides that no ship other than a British ship shall engage in the coasting trade of Canada. That is an excellent law and it will give very general satisfaction. Canadian ship-builders think that it should be extended so as to give protection to Canadian ship-builders as regards ships designed and built for the coastwise trade. And the reasons are obvious, I think, if one pays just the least attention to them. Ship-building in Great Britain is possibly as perfect as any other manufacturing business that I know of. They have skilled ship-builders; the building of a ship is divided into different trades, and wages are very much lower than those paid in Canadian yards.

When I say that Great Britain is, in my humble judgment, leading the world in ship-building, it should be very gratifying to Canadians to know that in this country too we have shown ability to build ships. During the Great War and under the very able direction of the then Minister of Marine, Canada itself engaged in a ship-building policy. Ships were built from Halifax to Prince Rupert in fourteen or fifteen different yards. Some of these ships were limited as to size, because of the canals on the St. Lawrence and the old Welland canal. Other ships, though, that were built on the seacoast were of a very large size. In Halifax I had to do with the building of four of these great ships, which had a carrying capacity of over 10,000 pounds of dead-weight cargo, had three decks and could make splendid speed, between thirteen and fourteen knots.

On the Great Lakes ship-builders designed a ship that would pass through the canal, the largest cargo carrying ship of its dimensions ever built, a ship that would carry in dead-weight cargo almost four thousand tons. A great many of those ships were built, about sixty, I think, during that period; and may I say that to my knowledge not one of those ships stopped at sea from the time it set sail. English builders—and I have this from no less an authority than the then Sir George Hunter—were amazed when they first saw these Canadian ships, because they did not think it possible for a Dominion the size of Canada to build such ships.

Canadian builders have built a great many other ships. On the Great Lakes they have built the largest grain cargo ships in the world. There are several of them. The largest, the *Lemoine*, has carried more than fifteen thousand tons of wheat in one cargo. That represents more than five hundred thousand bushels. These yards built all sorts of craft, from your big copper dredge on the St. Lawrence to what is probably the most unique machine ever built any place by any country, a machine now in use on the New Welland canal, and commonly known as a lock-gate lifter. It is an electrically driven and controlled machine. It was built in one of the yards that I have control of, and I am rather proud of it. It is absolutely unique.

Since 1922, when English ship-builders cast their eyes towards Canada, there has been an influx of British built ships into the Canadian trade. Something like one hundred and forty-two ships of canal size—more than that; that is the figure between certain years—have come into this trade, with the result that Canadian ship-building was simply paralyzed because, by reason of the lesser cost, builders went to England for their ships. During the last three years in particular very few of those grain ships have been built, but a number of special ships have been built—ships built for carrying oil, known as tank ships; ships built for carrying cement; self-loading and unloading ships. Ships of that class and description have been built in Great Britain and brought into Canada simply because of the lower cost.

It may seem a sort of paradox, but I maintain that the initial cost of a ship has nothing whatsoever to do with freight rates. I should like to make that just as emphatic as I can; it has nothing whatsoever to do with freight rates. Freight rates are fixed by reason of the common law of supply and demand. On the Great Lakes the rates are largely governed by classification. Insurance is one of the largest factors. A ship of first class, costing upwards of a million dollars, will not get any more or any less freight rate than a ship of third class, costing \$100,000, providing the insurance classification is the same. The difference in the cost of a Canadian built ship and a British built ship is not very great. It can easily be absorbed by the owner. Ship owners as a rule do not get much sympathy from anybody; they come and they go, and are dependent on the business generally of the country, and have to take the rough with the smooth. The smooth does not come very often. I maintain that if a duty were placed on British built ships—and now, for the first time to my knowledge, Canada has a right to impose such a duty—that would enhance the Canadian ship-building business. And it is a big business.

There are at the present time very important shipyards at strategic points from Halifax to Prince Rupert. They employ large numbers of men, but they need work. If they had this sort of assistance, I am sure they would be able to get a fair share of the business offered. That is all they ask for.

Hon. Mr. GRIESBACH: What is the difference in percentage of cost between British-built ships and Canadian ships?

Mr. SMITH: You will appreciate, of course, that there is a great fluctuation from time to time; but putting it fairly, I think it is between twenty-five and thirty per cent of the cost of a ship.

On the Great Lakes we are chock-a-block with the United States of America; we are right up against them. They protect their coasting trade; they will not permit any ship whatsoever, except a ship built in the United States, to engage in that coastwise trade. In foreign business, yes, but for the coastwise trade the ship must be built and documented in the United States.

As regards the repairing of ships on the Great Lakes, if a ship gets into distress—and sometimes I am generous enough to wish that more of them did—then they would have to come to the dock. They are permitted to get such temporary repairs made to them in Canadian yards—they call them foreign yards—as will enable the ships to stagger back to an American port; and on those repairs they charge fifty per cent duty.

The Canadian law has been like this. A Canadian ship engaged in the coastwise trade, and having repairs done in the United States, has to pay twenty-five per cent duty, provided she is re-engaged in the coasting trade within one year after the repairs are made. Some of the ships, to avoid paying the duty, have not come back into the coasting trade within twelve months.

Mr. Chairman, being somewhat at sea as to what I have said, and having so much to say, I am just wondering whether questions are going to be asked.

Right Hon. Mr. MEIGHEN: Perhaps this would give you a chance to extend your position. I have heard the argument that we are bound to maintain in Canada these repair yards for the purpose of our own shipping, and that unless our yards have a certain amount of building they cannot be maintained for repair purposes without subsidies. Is that correct?

Mr. SMITH: Thank you very much for calling my attention to that. You will understand, gentlemen, that this inland trade exists only for a period of between six and seven months. Ships do get into trouble. There is business for those ships, and every hour counts with them. Consequently ship repair yards must maintain a sufficient number of men to do this work when it is offered to them. This repair work is of a very intermittent character. We know nothing of it till a telegram or telephone message is received late at night, stating that a ship is in distress, and asking "How many men have you got; how many days will you need to repair the ship?" So that ship repair yard is just as necessary to the merchant marine as is the modern garage to the motor car owner. It is absolutely necessary. If those repair yards are closed up, then, of course, we would be subservient to the United States of America.

Right Hon. Mr. MEIGHEN: Can they maintain themselves on repairs?

Mr. SMITH: They cannot, for the reasons I have given. It is simply impossible. It is simply impossible. The charges they would have to make on an ordinary repair job would be absolutely prohibitive. They could not do it. The ideal way—the best condition that can exist—is to have some sort of ship on the stocks, building, especially during the season of navigation, so that the men can be taken from that ship and put on the repairs.

Hon. Mr. GRIESBACH: You state it better in your memorandum. There you point out you must maintain a force of three or four hundred men to do a big job expeditiously and efficiently. If you do not have the work you cannot maintain the men. If you are to do the job you must have the men on call. This is particularly difficult to arrange unless there is a steady demand for repairs or a shipbuilding industry?

Mr. SMITH: Yes.

The CHAIRMAN: Mr. Smith, do you think that placing our ships in regard to repairs on the same basis as United States ships, that is, to charge fifty per cent duty forthwith without a year's leeway, would make any material difference?

Mr. SMITH: Yes, it would.

The CHAIRMAN: It would improve the position of all ship repair docks in Canada?

Mr. SMITH: Yes.

Right Hon. Mr. MEIGHEN: What is the present condition of our shipbuilding industry?

Mr. SMITH: I do not think there is a ship building from the Atlantic to the Pacific at the present time. The last ship I know of was built for the Pacific in connection with the hydrographic survey. It was delivered last year.

Right Hon. Mr. MEIGHEN: How are the yards doing now on repair work?

Mr. SMITH: There is little or no repair work. The majority of the yards are closed down tight. A little town like Collingwood, with 5,000 people dependent very largely on the shipbuilding industry, has not more than half a dozen men in the employ of the shipbuilding company, and that has been the position for months. It is a very serious situation.

Q. What about the others?—A. The same situation. Halifax has had a certain amount of repair work. It is an open port and they get more repair work there than do the inland yards. I cannot speak for Saint John.

By the Chairman:

Q. It is about the same at Saint John and Halifax. They are open ports. They get work in winter that the inland yards do not get, but they do not get enough. I do not think that any change in sections 771, 772 or 773 would affect the yards at Halifax, Saint John or Vancouver. These remarks apply entirely to inland shipyards, lake yards, do they not?—A. I am speaking with particular reference to the inland yards.

By Hon. Mr. Beaubien:

Q. Can you give us any information as to how many men these shipyards employ in normal times?—A. A thousand men is just an ordinary gang when ship construction is going on. It runs up from 1,800 to 2,000 men. To carry on ordinary repair work, we need about from 300 to 350 skilled men. They are the key men, leading men.

By Hon. Mr. Griesbach:

Q. We have a statement before us submitted by the Union Transit Company showing water shipments of grain ex Port Arthur and Fort William compiled from the reports of the Lake Shippers Clearance Association. It shows a substantial falling off in American tonnage and a substantial increase in Canadian tonnage for the period from 1927 to 1932. Have you seen the statement?—A. No, I have not, but I am somewhat familiar with it.

Q. How do you account for the increase in Canadian tonnage as compared with the decrease in American tonnage under those circumstances?—A. In 1928 we had an excellent crop of grain, and from the head of the Lake—I mean Port Arthur and Fort William—about 400,000,000 bushels were moved by water. The Americans participated in that trade and moved a lot of that grain to Buffalo. May I interject and say that as I understand the law, there is no interference whatsoever with the right of a foreign ship—and I am referring now to an American ship—to carry grain or any other commodity or passengers from a Canadian port to an American port, or vice versa. There seems to be a misapprehension as to what this coasting law really means. It means the carriage of freights, commodities and passengers, from one Canadian port to another Canadian port. The Right Hon. Mr. Meighen pointed out a few moments ago that it would now apply to the transference of that commodity in transit. So that the Americans in 1928 participated largely in this lake trade. In 1932 the conditions were reversed, there was only about 200,000,000 bushels of grain, just about one half, moved, and the rates were so low that the Americans did not want to participate at all. They did not come in except to handle their own grain that they controlled. I think that is the reason. Canadian ship owners sacrificed

themselves and their ships in carrying grain last year at such ruinous rates. Everybody admits that they could not exist.

By Hon. Mr. Griesbach:

Q. Supposing we had a 500,000,000 bushel crop for export through the Lakes, and suppose we enacted legislation excluding the Americans from that traffic could Canadian ships handle that volume of trade without an increase of freight rates, such as would penalize our western producers or make it impossible to get the volume of freight out in the crop season, which is what we desire to do in the West?—A. I firmly believe Canadian tonnage is large enough to handle that crop without unduly enhancing the grain rate. Besides, this Act contains a suspending clause which gives the Governor in Council power to suspend the operation of this coasting law at any moment he sees fit.

By Right Hon. Mr. Graham:

Q. Has that power ever been abused? I am not referring to any particular person; I have been accused myself of favouring the—

WITNESS: I think you have, sir.

Hon. Mr. GRIESBACH: Favouring whom?

Right Hon. Mr. GRAHAM: The farmer or elevator who wanted to use these American ships to get the crop through quickly, or to store grain in the fall.

WITNESS: Answering your question, sir, I think it has been abused to the detriment of the Canadian ship operator and owner.

By Hon. Mr. Griesbach:

Q. If we adopted a vigorous protectionist policy, excluding American ships from our trade, and imposing a duty on British built ships, is it possible for us to develop a mercantile marine on the Great Lakes that would insure the expeditious handling of our wheat crop for the future without increase of freight rates, moving the bulk that is required to be moved in the crop season? Can we do it?—A. We can, sir, and I thank you for asking that question. That is one of the things I should like to see. We will build then ships more specially adapted for carrying grain than we have now. We have now on the Great Lakes the greatest ships of all in the trade, and I doubt very much if they will ever be improved, but from Port Colborne or Kingston to Montreal there may be an improvement. No doubt such a law would bring it about, and I may say you have able shipbuilders in this country—I have said that already.

By Right Hon. Mr. Graham:

Q. That is admitted.—?—A. Yes, it is admitted.

Hon. Mr. GRIESBACH: If the St. Lawrence canal system is made suitable to ocean-going ships, would that not change the situation?

Mr. SMITH: I do not think so.

Hon. Mr. GRIESBACH: You would not call a coasting ship one that came straight from Europe and went out to Fort William?

Mr. SMITH: No.

Right Hon. Mr. MEIGHEN: Under our present law we put a tax on British ships which come here and engage in our coasting trade, if they are not built in a British yard, but we put none on those built in British yards. Now, what I want to ask you is, do we get anything in the way of reciprocation?

Mr. SMITH: Nothing whatever that I know of.

Right Hon. Mr. MEIGHEN: Do you know of any reason why a principle that would apply as against British ships built elsewhere should not apply as against British ships built in Britain?

Mr. SMITH: No, I do not.

Right Hon. Mr. MEIGHEN: There would be a reason, if we had some reciprocity for it?

Mr. SMITH: Yes. Under the favoured nations clause, countries like Norway, who had an agreement with Great Britain, were able to send their ships into Canada, and they did so for a number of years. Small, miserable little tykes they were, but they came into the trade and they were a disrupting factor. But that was stopped.

Right Hon. Mr. GRAHAM: They were on the lakes?

Mr. SMITH: Yes.

Hon. Mr. DANDURAND: What stopped their coming here?

Mr. SMITH: The treaty was abrogated.

Hon. Mr. DANDURAND: So that they are no longer coming here?

Mr. SMITH: No, but they were until recently.

Right Hon. Mr. GRAHAM: There are some of them on the lower St. Lawrence?

Mr. SMITH: I think so.

Hon. Mr. DANDURAND: You said that the cost of a ship was not a factor in rate making. How does the cost of an American ship compare with that of a Canadian ship?

Mr. SMITH: The cost of building an American ship is considerably higher than the cost of building a Canadian ship.

Hon. Mr. DANDURAND: And yet that does not prevent the Americans from underbidding on freight rates at times?

Mr. SMITH: No.

Hon. Mr. BALLANTYNE: I might say that at one time during the war when ship-building was being carried on in a big way, the cost of building an American ship was \$50 per ton more than the cost of building a Canadian ship.

Hon. Mr. BEAUBIEN: Mr. Smith, we have been told that there is a plethora of ships on the lakes now. What is your opinion as to that?

Mr. SMITH: That is absolutely so, there is no question about it, in my judgment.

Right Hon. Mr. MEIGHEN: So that even with a tariff there would be very little building for ten years, anyway?

Mr. SMITH: I would not go so far as that, Senator Meighen. There would be, I think, a considerable amount of building of special ships. For instance, within the last two or three years a number of oil ships have been built and brought into Canada, and a number of ships for carrying cement and coal have been built in Great Britain and brought to Canada. I call them special ships, but they are not—there is nothing special to them. It is a matter of dollars and cents, that is all.

The CHAIRMAN: They are ships built for a special trade?

Mr. SMITH: That is so. And those ships that are built in Great Britain, as all honourable gentlemen understand, do not contribute one copper towards the upkeep of our harbours, our aids to navigation, our canals or anything of that kind. They come and they go.

Hon. Mr. GRIESBACH: I want to put this Mr. Smith up against the other Mr. Smith of the Winnipeg Grain Exchange.

The CHAIRMAN: We have three gentlemen here who want to talk along the same line that Mr. Smith has been dealing with, and if the Committee is agreeable I propose that we hear these gentlemen first and then we can proceed to hear those who take opposite views.

Hon. Mr. TANNER: Mr. Smith, how are the Canadian shipyards equipped now for building freight and passenger ships of the smaller class?

Mr. SMITH: I will answer this way, if I may, that Canadian yards have already built the largest freight and passenger ships on the Great Lakes. They are equipped to do any kind of work in the ship-building line.

Hon. Mr. TANNER: Does that apply to seagoing ships?

Mr. SMITH: That would apply to seagoing ships as well.

Hon. Mr. TANNER: Why were the "Lady" ships built in England instead of in Canada?

Mr. SMITH: I could not answer that.

Hon. Mr. BEAUBIEN: It was a question of price.

Mr. SMITH: I think so.

Hon. Mr. TANNER: There is quite a junk of a ship runs from Magdalen Islands to Pictou, and that ship was bought in England. A ship like that could be built here.

Mr. SMITH: We have all heard about the *Prince David* which ran on a reef last year. She was looked upon as a total loss, but she was salvaged and taken into the Halifax shipyards. They repaired that great ship there and did it, so I am told—

Hon. Mr. TANNER: Better than you could?

Mr. SMITH: As well as it could possibly be done. Well, if they can do that—and they are only one of the yards—it demonstrates the ability to build any class of ship.

Hon. Mr. TANNER: What we want is the business.

Mr. SMITH: That is all.

Right Hon. Mr. GRAHAM: It is not a question of ability to build a ship, but a matter of cost.

Mr. SMITH: Yes.

Hon. Mr. McLENNAN: Can you tell us why some years ago when we protected Canadian ships, that protection was taken off during that grain season—I have forgotten the year—

Hon. Mr. GRIESBACH: 1923, I think.

Hon. Mr. McLENNAN: What necessity was there for taking off that protection?

Mr. SMITH: I am sorry, sir, but I do not feel qualified to answer that question properly.

Hon. Mr. McRAE: With reference to the repairs to the *Prince David*, may I inquire how the tender of the Halifax firm compared with that of the British firm for the same work?

Mr. SMITH: Having in mind the cost of transporting the ship, the Halifax tender was lower than any other tender.

Hon. Mr. GRIESBACH: Of course, that was a special case. She was a cripple. She could not have gone across to England, anyway, could she?

Mr. SMITH: I do not know. I have floated ships across the Atlantic, almost.

The CHAIRMAN: She could have been repaired and towed across, but the cost of repairing her sufficiently to tow her across would have been greater than to bring her to Halifax, would it not?

Mr. SMITH: I am not sure of the figures. I was going to answer that the Halifax price was the lowest of all, but I am not quite sure and I should like to be sure of the facts.

The CHAIRMAN: No doubt they did the best possible job, anyway.

Mr. SMITH: No doubt.

The CHAIRMAN: Mr. Enderby, you can give us all the information you have to offer, and then we may have some questions to ask.

Mr. T. R. ENDERBY (General Manager of the Canada Steamship Lines, Montreal): Mr. Chairman and honourable gentlemen, as I understand it, the principal subject for discussion this morning is the question of the coasting laws—a matter in which the company that I represent, the Canada Steamship Lines, is vitally interested. We feel that on the Great Lakes Canadian shipping should be given exactly the same protection as is afforded to American shipping, both in regard to the coasting laws and the ownership of Canadian registered British ships.

The movement of the Canadian crop across the Great Lakes is the principal function of the Canadian fleet. It is their bread and butter business. On the American side, the American fleet have huge quantities of iron ore, coal and stone to move during the season. Those movements do not reach the Canadian fleet, except in very small measure. The average movement of iron ore across the lakes enjoyed by the American fleet, is in the neighbourhood of fifty million tons. The up-bound movement, which offsets that, is about twenty-five million tons of coal. The movement of stone which is used by the Steel Company in their furnaces, amounts to from eighteen to twenty million tons.

Hon. Mr. GRIESBACH: East or west? Up or down?

Mr. ENDERBY: That comes east. The stone moves from the Georgian Bay ports and goes down to the furnace docks on Lake Erie and the furnace docks at the foot of Lake Michigan. Now, the Canadians are rigidly excluded from that traffic. No Canadian ship under any pretext whatever is allowed to participate in the United States coastwise traffic.

Hon. Mr. GRIESBACH: Where does that stone trade originate?

Mr. ENDERBY: A good deal of it is initiated in the Michigan Peninsula.

Hon. Mr. GRIESBACH: It is all American?

Mr. ENDERBY: Not all. Some small quantity is now being mined and quarried on Georgian Bay ports—Killarney and another small port.

Hon. Mr. GRIESBACH: Cannot Canadian ships carry that to an American port?

Mr. ENDERBY: They do on occasion, but the majority of that trade is exclusively American business.

Hon. Mr. GRIESBACH: But not by law?

Mr. ENDERBY: Yes, sir, when it moves between two American ports.

Hon. Mr. GRIESBACH: But when it moves from a Canadian port?

Mr. ENDERBY: Then the Canadian ships can participate. They seldom do, however, for the reason that the interests that use that stone own their own American ships.

Now, we feel, as we are so rigidly excluded from participation in the coastwise traffic of the United States, that a similar protection should be given to Canadian ships, especially in view of the fact that when American ships carry grain cargoes, as a rule they carry them as a distress cargo—their other cargoes are not ready, and they drop into the Canadian grain trade to suit their own convenience.

Now, it has been contended that to afford the Canadian ship this protection would constitute a monopoly. That is not the case. A fleet of the size of the Canadian fleet on the lakes could move twenty-five per cent more grain from Fort William into the Georgian Bay ports and down to Montreal than the fleet has ever been called upon to move. There is an excess of tonnage of twenty-five

per cent over and above the requirements of the heaviest peak traffic that has ever moved across the lakes.

Hon. Mr. GRIESBACH: Between two dates?

Mr. ENDERBY: Between any two dates in the season, or the whole season.

Hon. Mr. DANDURAND: And there is competition between the Canadian companies?

Mr. ENDERBY: There is, sir, and at no specified time, or at no time when the coasting laws of Canada have been suspended so that American tonnage could come in, and did come in to carry Canadian grain from the head of the lakes to Canadian ports, was that tonnage required. The tonnage could at any time have been moved by the Canadian fleet.

Hon. Mr. SHARPE: Why was the law suspended, then?

Mr. ENDERBY: It is a difficult question for me to answer. I would hesitate to express an opinion. But the Canadian vessel owners would at all times be willing to table their case alongside the case of the grain shipper, for the Government's inquiry as to whether American tonnage was required to move this grain, and to leave the decision in the hands of the Government. I may say that the Canadian vessel owners were not afforded that opportunity.

Right Hon. Mr. MEIGHEN: You are referring to 1923?

Mr. ENDERBY: To the time when the Order in Council was issued, immediately prior to the interview that was granted by the Government authorities to the Canadian vessel owners.

Hon. Mr. DANDURAND: I have a vague recollection that we left the fixing of the rate to the Grain Commissioners.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. DANDURAND: And that a crisis appeared which threatened to stop the movement of grain. I do not exactly recall the details, but the Government was confronted by a very great danger at the moment, which prompted it to act.

Right Hon. Mr. GRAHAM: I was one of the members of the Government. The Hon. Mr. Robb, Minister of Trade and Commerce, sent for me to come and hear a deputation; and in his opinion those who were in favour of suspending the operation of the Act, because of undue prices being maintained, made out a case.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: What year was that?

Right Hon. Mr. GRAHAM: I think it was 1923.

Mr. ENDERBY: If the price for the carriage of grain across the lakes is to be judged on mileage only, that is an unfair basis; if it is to be judged on the elapsed time taken to load and discharge the cargo, that is another matter. In 1923 upper lake ships were kept as long as thirty days to discharge their cargoes, owing to the congestion.

Hon. Mr. McRAE: I should like to ask a question pertaining to this statement of the Union Transit Company. In 1928, when there were some four hundred million bushels moved, the Canadian boats carried roughly one-half, or two hundred and five million bushels. Each year they carried considerably less, until 1932, which was the second best year on the sheet, when they carried one hundred and fifty-five million bushels. Now, having regard to what has been said about the twenty-five per cent excess of tonnage, it would appear probable that in 1928 they handled their maximum. What I should like to ascertain is whether the tonnage has increased since 1928, and if so, how much.

Mr. ENDERBY: I can answer that along general lines. The tonnage has substantially increased since 1928 by reason of the construction of several major

upper lake ships, and by the importation of, I would say, at least forty British-built canal ships. These figures are an estimate—rough, but conservative.

By Right Hon. Mr. Meighen:

Q. Do you say that in 1928 you could have handled it all and twenty-five per cent more?—A. I say at that time we could have handled it all, and at this time we could handle twenty-five per cent more than we were called upon to move in 1928.

Q. At the highest period?—A. Yes, sir.

By Right Hon. Mr. Graham:

Q. You could handle the peak traffic?—A. Without question, sir.

By Hon. Mr. Hughes:

Q. In 1923 you could have handled it all?—A. I was not in the business then, I am unable to say.

Q. Can you answer from information?—A. I am not familiar with the figures.

Q. You stated that for any year the fleet was capable of handling all the grain?—A. I should have said in my contact with it since 1924.

By Hon. Mr. Beaubien:

Q. When the coastwise laws were suspended were rates abnormally high?—A. Not for the service performed.

Q. Will you explain that a little more?—A. The rates were charged on the number of days that the ship would be engaged in loading, transporting and unloading the cargo. When the grain routes are congested the ship has to take long delays, for which it gets no compensation other than in the freight rate.

By Hon. Mr. Griesbach:

Q. Have these facilities for rapid loading and unloading been improved in the meantime?—A. They have, sir, by the construction of several other elevators on the Georgian Bay ports.

Q. With that 400,000,000 crop would these facilities function freely now?—A. They would, sir.

Q. That situation would not arise again?—A. Not in my opinion.

By Hon. Mr. McLennan:

Q. Would not demurrage cover the extra delays in loading or discharging?—A. No, sir. We have no demurrage clause in the transportation of grain across the lakes.

By the Chairman:

Q. Would not that be the cure after all?—A. The vessel owner thinks it would.

Q. Why not a demurrage clause?—A. The grain shipper contends that with the insertion of a demurrage clause in his trading contract it is practically impossible for him to sell grain. He must know every element and item in the equation, and it is a risk of the business that the vessel man is called upon to take.

By Hon. Mr. Griesbach:

Q. If the situation in 1923 was due to lack of suitable facilities to clear ships, in what respect did the admission of American tonnage cure that, if at all?—A. The American ships came over with storage cargoes for the winter.

By Hon. Mr. Tanner:

Q. The development of Vancouver plays a part in this question of congestion now?—A. A very substantial part.

Q. The 1923 conditions are not likely to be repeated, are they?—A. Not with Vancouver handling approximately 100,000,000 bushels of the grain crop for export.

By Hon. Mr. Dandurand:

Q. What are your specific objections to the Bill as framed?—A. Other than the items relating to the coasting laws, our objections are minor and more on technical grounds, which I hesitate to lay before the gentlemen here. I think we can straighten them away with the officers of the department if we are afforded an opportunity.

By Right Hon. Mr. Meighen:

Q. You do not object to the coasting law?—A. No, we like it as framed, and we should like to see the clause with reference to the ownership of the Canadian registered tonnage more definite than it is.

By Hon. Mr. Stanfield:

Q. What percentage of your steamers were tied up last year?—A. I think one-third.

By Hon. Mr. Tanner:

Q. How far short is this Bill of the policy you are advocating?—A. The Bill is generally in line with the policy that I am advocating, with the exception that the clause which refers to the ownership of Canadian Registered British Tonnage is somewhat indefinite.

Q. How much more protection is there to United States coasters than is given by this Bill to Canadian coasters?—A. Their law requires that seventy-five per cent of the ownership of American tonnage be vested in American citizens.

By Right Hon. Mr. Meighen:

Q. And the ships must be built there?—A. And the ships must be built in the United States.

By Hon. Mr. McRae:

Q. What percentage of the tonnage of your ships was built in Canada?—A. Since I have been in the position which I now occupy, in the last eight years we have built two ships in Great Britain engaged in the coastwise traffic on the lakes. We have built fourteen small ships at shipyards in Canada which we own and control. In addition to the fourteen ships used in the coastwise trade, we have built for ourselves four passenger steamers at a cost of approximately \$1,150,000. We have also built ships for the Canadian Government and the Canadian Railways Department, such as the recently completed car ferry *Charlottetown*. We were able to secure those orders by reason of the fact of the Government requirements that Canadian labour and Canadian material be used in the construction of these government ships. We secured the contracts in competition with other Canadian yards.

By Hon. Mr. McRae:

Q. Have you purchased any British ships for your fleet in the last ten years?—A. Two only, sir.

By Hon. Mr. Griesbach:

Q. What is the Canadian material content of a Canadian built ship?—A. I would think in the neighbourhood of from 92 to 95 per cent.

Q. Do you build the engines here?—A. A number of them, yes, sir.

By Right Hon. Mr. Meighen:

Q. Is Canadian Steamship Lines Limited in the shipbuilding business, too?

—A. They are, sir. They have the Midland Shipbuilding Company in Midland, and the Davie Shipbuilding Company at Levis, Quebec.

Q. So you would be in favour of a percentage against British built ships?—

A. Most distinctly.

Q. If you were not in the shipbuilding business yourself, and were just a shipper, would you then be in favour of that?—A. Under the present management the Canada Steamship Lines, Limited, adopted a policy of Canadian built ships. This is where the money is earned, and in our opinion this is where it should be spent. While our Canadian built ships were slightly higher in price than similar ships built in England, we are satisfied that the workmanship is as good or better and that the general advantage to the country offsets any additional price.

Q. Do you agree with Mr. Smith that the cost of the ship has no relation to the rate that it is able to obtain?—A. None whatever. The cost is set by the competitive route or the competitive steamer on the same route. That is where the Canadian grain shipper will have his protection under this coastwise law. There is no chance here for the Canadian shipowner, either individually or combined, to increase the cost of the carriage of grain above the competitive cost as set by other routes; and the other routes are numerous. You have Vancouver and the Hudson Bay route, all in competition.

Q. And the American route?—A. And the American route. I was going to refer to that route across the lakes through the Erie Barge Canal to the seaports on the American coast.

The CHAIRMAN: Any further questions, gentlemen?

Hon. Mr. GRIESBACH: That is a very important point that the gentleman has just brought out, that the rate on lake shipping is competitive with quite separate and distinct and uncontrollable independent factors.

By Hon. Mr. McRae:

Q. The Hudson Bay and Vancouver routes would not apply to a certain section of the prairies that cannot reach those ports?—A. It would apply at all seasons, sir. But the grain grown west of a certain point on the prairies is tributary to Vancouver, and we have little hope of getting that. The grain grown east of that point is tributary to the Great Lakes and is in immediate competition with the Hudson Bay route and the American route via Buffalo to the markets of the world.

Hon. Mr. DANDURAND: Yes, but the price is very often fixed when the grain has reached Fort William, so that the price is contributory to the lake movement?

Mr. ENDERBY: The price received by the producer of the grain in our opinion is fixed when the grain has reached Fort William, then the marketing of that grain via a certain route is governed by the rate fixed for that route. If we attempt to charge a higher rate than a competing route we do not get the business, and we must always be in competition with our American friends and the Vancouver route. There is one other point in connection with the grain route through Montreal and across the lakes as compared with the American route through Buffalo. The ocean rates out of American Atlantic range seaboard ports are almost without exception lower than the similar rates out of the St. Lawrence, and that difference must be absorbed by the lake ship owner. The difference amounts at times to as much as one cent per bushel.

Hon. Mr. McRAE: Mr. Enderby, doesn't the Imperial Conference arrangement that there shall be a direct bill of lading when shipping to England, handicap the Buffalo gateway?

Mr. ENDERBY: It does to some small extent, sir, but the volume of grain figuratively thrown into the hands of the Canadian ship owner and the Canadian route and the Canadian transportation companies generally is not nearly as large as the public thinks. I believe that from fifteen to eighteen million bushels would be all that would be affected. That figure is based on the average amount of grain shipped out of New York, Baltimore and Philadelphia over the last five years.

Right Hon. Mr. GRAHAM: Mr. Enderby, if our coasting law becomes such that grain cannot be carried on an American vessel to Buffalo and then reshipped to Montreal, will that not tend to increase the shipments from American ports and consequently decrease the exportation through Canadian ports? An American ship must send its cargo not to Montreal, from Buffalo, but on to New York. Will that not operate against our Canadian ports and in favour of the American ports?

Mr. ENDERBY: We cannot see it that way. If the grain is eventually to come to Montreal we can see no argument that should deprive the Canadian route of that business. And the Government are partners with us, inasmuch as they have a government elevator at Port Colborne and another at Prescott, and the grain that it has been the practice to transfer from the upper lake ship to the lower at the Port of Buffalo should be diverted into the Canadian route and give the government elevator at Port Colborne or Prescott a chance to get the business.

Right Hon. Mr. GRAHAM: I agree with you that that should be the ideal situation, but would it be the result? When the grain gets to Buffalo the American shipping interests will do their utmost to see that it goes through the Erie canal down to New York, to be shipped through an American port.

Mr. ENDERBY: That depends upon the cost of moving that grain, and we will have to be content to compete with them in the matter of rates.

Hon. Mr. BALLANTYNE: Is it not a fact that the terminal facilities at Montreal, including the unloading from the lake vessel, putting the grain into the elevator and from there into the ocean ships, costs less than the facilities at the port of New York?

Mr. ENDERBY: Yes.

Hon. Mr. BALLANTYNE: New York has not got the system that the port of Montreal has.

Mr. ENDERBY: I am not intimately familiar with the New York system, but most of their grain is transferred from the elevators to floating boxes, as they are known, and then transferred to the ocean steamers from those boxes, a more costly operation.

Hon. Mr. GRIESBACH: Isn't the preference that resulted from the Imperial Conference a factor that tends to deflect the business to our channels?

Mr. ENDERBY: Yes. The grain that is intended to be moved from the head of the lakes into Great Britain must travel, as we understand it under the present ruling, through an all-Canadian route.

The CHAIRMAN: That affects only grain that is going to a part of the Empire.

Mr. ENDERBY: Yes.

Right Hon. Mr. MEIGHEN: The question that Senator Graham put to you, Mr. Enderby, was tremendously important and I am not quite clear as to your answer. Grain men at Winnipeg, the Pool for example, have elevator facilities themselves at Buffalo. Now, your competitors are American boats, and at present they can take that grain to Buffalo and then there is the alternative of shipping via Montreal or via New York. Will not the grain firm at Winni-

peg have an extra inducement to use the New York route rather than the Canadian, if the transshipment privilege is not there?

Mr. ENDERBY: We do not think so.

Right Hon. Mr. MEIGHEN: It stands to reason that it would be so, and I should like to have that fully answered.

Mr. ENDERBY: I am not trying to evade the question in any way.

Hon. Mr. FOSTER: That very point is very important to this Committee, and we want an enlargement of your ideas.

Mr. ENDERBY: Perhaps I have not got the question very clear.

Hon. Mr. DANDURAND: The American who is carrying Canadian grain on an American bottom to Buffalo, in order to continue it to Montreal must tranship it to a Canadian boat. Thus he loses the advantage of that freight from Buffalo to Montreal. But instead of doing that will he not be tempted to divert towards the American Atlantic ports?

Hon. Mr. BALLANTYNE: Grain will always be shipped by the cheapest route, and while I am not a transportation man I am pretty firmly convinced that a through rate via the port of Montreal would be lower than via the port of New York.

Mr. ENDERBY: As I understand Senator Meighen's question, he said that a grain shipper putting his grain into Buffalo can ship it to Montreal or to New York.

Right Hon. Mr. MEIGHEN: Yes, he has those alternatives.

Mr. ENDERBY: Yes, under the present system. If we force him to bring it to Port Colborne, say, he cannot ship it to Buffalo.

Right Hon. Mr. GRAHAM: He cannot bring it to Port Colborne. That would be coasting.

Mr. ENDERBY: No. We, in theory, deprive him of the alternative of either Montreal or New York, if we close Buffalo to him. We do not agree with that theory. If the grain is going to the world's markets, that is its ultimate destination—Great Britain or the Mediterranean. If it is at Buffalo it can go on down to Montreal; if it is at Buffalo it can go to New York, under the present circumstances. Under the change in the coasting law it would go to a Canadian transfer point, and the grain would reach its same ultimate destination, on account of freight rates on the all-Canadian route, and we must be in competition with the other routes or we would not get the business.

Right Hon. Mr. GRAHAM: We can shut out Port Colborne for the American shipper, because he cannot unload there. If he unloads at Buffalo, under the new Act he cannot take it to Montreal.

Mr. ENDERBY: Correct.

Hon. Mr. DANDURAND: In an American bottom.

Right Hon. Mr. GRAHAM: But the same American ship cannot take it to Montreal. Under the new Act he will be compelled to give up the handling of that grain through a Canadian port, but he would have to divert his attention to the American port. Is not that an encouragement to him to set up machinery that will be able to take care of his cargo at Buffalo, and to export it through an American source? Might it be an incentive to him to do that?

Mr. ENDERBY: We do not see it that way; we see it more as an incentive to him to own a Canadian ship.

Right Hon. Mr. MEIGHEN: But he cannot own a Canadian ship.

Mr. ENDERBY: He can at present.

Right Hon. Mr. MEIGHEN: But not under this law.

Mr. ENDERBY: No, sir.

Right Hon. Mr. MEIGHEN: Then Senator Graham's point would stand. He is making his deal at Winnipeg. Isn't he going to make some concession in order to ship that grain out via New York, for the reason that he has got to give it up at Buffalo anyway, whereas before he did not have to do so?

Mr. ENDERBY: The temptation to do so would be there.

Right Hon. Mr. GRAHAM: The incentive.

Mr. ENDERBY: The incentive, especially if he has an American elevator at Buffalo.

Right Hon. Mr. MEIGHEN: Yes. That is what we are afraid of. That is the only feature that seems to me a little difficult.

Hon. Mr. FOSTER: He says they are not afraid of it.

Mr. ENDERBY: If there is any thought that by this coasting law the movement to Buffalo, and from there down the barge canal, to the markets of the world, is to be in any way closed down or made smaller, that is not the case. The Canadian boat can carry grain into Buffalo just the same as an American boat can.

Right Hon. Mr. GRAHAM: But the Canadian boat can take it to Montreal. The American boat cannot.

Hon. Mr. BALLANTYNE: But shipping by New York is vastly more costly, and it is the through rate that counts.

Mr. ENDERBY: It is the through rate that governs.

Hon. Mr. BEAUBIEN: When a man ships his wheat from the head of the lakes, he knows exactly how much the freight will cost, either by American or Canadian ports.

Mr. ENDERBY: He does. He has to.

Hon. Mr. BEAUBIEN: Therefore he can choose at that moment—if he knows exactly what the freight will be by Buffalo, or by a Canadian port—and send his wheat by the cheapest route? Is that right?

Mr. ENDERBY: And that is what he does.

Hon. Mr. BEAUBIEN: Therefore he is not deprived of the choice of either route?

Mr. ENDERBY: Not in any way.

Hon. Mr. GRIESBACH: Under the British customs regulations, does he not have to provide by the documentation, for through shipment, in order to get the six-cent preference in England?

Mr. ENDERBY: He must prove that when the grain leaves the head of the lakes it is destined to a definite and specific address in Great Britain.

Hon. Mr. GRIESBACH: If it is transhipped, that proof is lost.

Mr. ENDERBY: If it is transhipped at Buffalo—at an American port—that proof is lost; but if it is under the jurisdiction of the Canadian Government, of the Board of Grain Commissioners, the proof can be maintained.

Hon. Mr. GRIESBACH: Isn't that going to be a very large factor in deciding which route he will take?

The CHAIRMAN: Just for Empire grain.

Hon. Mr. GRIESBACH: That amounts to fifty-four millions in itself, to say nothing of their exports in England.

Mr. ENDERBY: The fifty-four million figure that you mention is not the amount that goes out through the Buffalo gateway.

Hon. Mr. GRIESBACH: That is what the British import.

Right Hon. Mr. MEIGHEN: But only part of that goes by Buffalo.

Mr. ENDERBY: About fifteen million is the average figure that has gone out through Buffalo over five years.

Right Hon. Mr. GRAHAM: I imagine that the reason the Wheat Pool has an elevator at Buffalo, or that they erected one there, was to enable them to take advantage of competition between Canadian and American ships. There was competition on the grain that went through to Montreal. Under the new Act that competition will be cut off after you get to Buffalo.

Mr. ENDERBY: I think the Grain Pool executive had in mind the idea that with an elevator at Buffalo they would have a reservoir of grain which might be shipped out during the winter, over the American railroads from Buffalo to New York, in competition with the Canadian grain going over the Canadian railroads from Georgian Bay to Halifax and Saint John.

Right Hon. Mr. MEIGHEN: They will have that still.

Right Hon. Mr. GRAHAM: That undoubtedly was a large factor.

Mr. ENDERBY: I think it had a greater bearing on the situation than the water transportation.

The CHAIRMAN: That will still exist.

Right Hon. Mr. GRAHAM: I have always wondered why they needed the elevator in Buffalo when we were enlarging the elevator at Port Colborne.

Mr. ENDERBY: I think the traffic during the winter, when the lakes were closed with ice, had, perhaps, a large bearing on the establishment of that elevator at Buffalo.

Hon. Mr. McLENNAN: How great an element is the wider range of choice of European ports at New York? The shipper would have a greater choice in shipping from New York than he would in shipping from our own Canadian ports.

Mr. ENDERBY: A very much greater choice.

Hon. Mr. McLENNAN: Is that a factor?

Mr. ENDERBY: It is. But the Act as drafted would have no effect on that business whatever.

Hon. Mr. McRAE: I think it would be helpful if we could have a schedule showing the grain tonnage available for this lake coastwise business each year, for the last ten years. It has been represented that a certain percentage of the tonnage was lying idle. I think if we had a statement showing the amount of shipping tonnage available, it would be useful.

Mr. ENDERBY: We would be very glad to compile such a statement and submit it to the Committee at the earliest possible date.

Hon. Mr. GRIESBACH: Could you put into that schedule the freight rates charged during the last ten years?

Mr. ENDERBY: I should be very glad to do that, but those freight rates are on file with the Bureau of Statistics.

Hon. Mr. GRIESBACH: I am suggesting that we should have them all in one spot.

Mr. ENDERBY: We will be very glad to do that.

Hon. Mr. HORSEY: I cannot yet quite understand the argument that the cost of building ships, no matter how high it may be, is not a factor in any way in fixing the freight rates for carriage.

The CHAIRMAN: That has been answered.

Hon. Mr. HORSEY: It seems to me that if cheaply built British ships are excluded, the argument is still that the competitive routes are open, but they are open to the high-costing ships, and therefore it seems to me that would come into consideration in fixing the rates.

Hon. Mr. CASGRAIN: Those British ships cost almost twice as much as the lakers.

Hon. Mr. HORSEY: That is not the argument used here to-day.

The CHAIRMAN: In other words, you think the capital investment has something to do with the cost of carrying freight?

Hon. Mr. HORSEY: Yes.

The CHAIRMAN: Mr. Smith's answer was that it is controlled entirely by competition. Mr. Enderby can answer again.

By the Chairman:

Q. You made the same statement, Mr. Enderby?—A. I did, sir. No matter what the cost of the ship is, the freight rates secured by that ship are not based on the capital cost, but on the rate it can secure in competition with others on the same route or competitive routes.

By Right Hon. Mr. Meighen:

Q. Do you put it this way, Mr. Enderby: That the real competition is the Buffalo route and American ships, and that the cost of our ships would have no relation whatever to the freight they could carry, because if we increased the cost the American cost would be just the same as before, the competition would be just the same, and the demand for freight the same?—A. Exactly, sir.

By Hon. Mr. Dandurand:

Q. Although the American cost would be higher?—A. No.

Q. I mean in shipbuilding.

Right Hon. Mr. MEIGHEN: It is higher now, but we would not affect the American cost.

The CHAIRMAN: You have three factors: The American cost, which is \$3 a gross ton more than the Canadian, the English cost, which is \$50 a ton gross less, and the Canadian cost, which comes in between the other two. If your argument is correct you would have three different rates. The fact is the competitive routes equalize the cost.

Right Hon. Mr. GRAHAM: It depends largely on the friendliness of the competition.

Right Hon. Mr. MEIGHEN: Very much.

Hon. Mr. HORSEY: The British ship is the cheapest ship, and you have two higher cost ships.

Right Hon. Mr. MEIGHEN: But you have American competition, which is not affected by anything we do with regard to the cost of the British ship.

Hon. Mr. CASGRAIN: You cannot compare our ships with the British ships. They are made to go on the ocean and they cost at least one-third more than the lakerees.

By Hon. Mr. Beaubien:

Q. Mr. Enderby, you said a moment ago in reference to the cost of ships that you had added to your fleet twelve Canadian built ships and two British built ships. Will you tell me whether the twelve Canadian built ships were built in your yards, or in other Canadian yards?—A. The twelve ships were built in the company's own yards. In some cases the engines and boilers were built in Canada and in the earlier cases the engines and boilers were built in Great Britain.

The CHAIRMAN: Thank you, Mr. Enderby.

We have one more witness, Mr. Keefer. I think you are representing the Patterson Steamships Limited.

F. HUGH KEEFER, Ottawa (representing Patterson Steamships Limited): I can only go over what Mr. Enderby has already stated.

By Hon. Mr. Beaubien:

Q. You corroborate his evidence?—A. Entirely. I may add this regarding the Buffalo route. All we are asking for is that a Canadian ship be used to the Buffalo port. At Buffalo they can do anything they like. They can send their grain to Montreal, New York or to any other part.

By Hon. Mr. McLennan:

Q. If you have the traffic across the lakes you would be satisfied?—A. Yes.

By Hon. Mr. McRae:

Q. I think it would be interesting to the Committee to know how many Canadian built ships the Patterson Company operate, and how they acquired their fleet, having regard particularly to Canadian shipyards.

The CHAIRMAN: Mr. Keefer has already submitted a statement. You will find it in your files.

By Hon. Mr. McRae:

Q. I should like to ask Mr. Keefer how many boats the Patterson Company have, how many were built in Canada or are of Canadian registry, and how many were purchased of British registry. I should also like to get his ideas on the questions that have been brought up in connection with Mr. Enderby's evidence, having regard particularly to our shipbuilding and the building up of our fleets.—A. The Patterson fleet have twenty lower lakers, as we call them, all built in England, and the upper lakers were built in the United States.

Q. How many are there in each fleet?—A. I think there are just nine upper lakers and twenty lower lakers of the Patterson fleet.

Q. You have no all-Canadian built boats?—A. No.

By Hon. Mr. Casgrain:

Q. Fourteen-foot and twenty-foot boats?—A. Yes, upper lakers and lower lakers, as we define them.

By Right Hon. Meighen:

Q. As a shipper have you any objection to the imposition of a duty upon British built ships entering Canadian coastwise traffic?—A. No, I am quite in favour of it.

Q. Then you would prefer your policy of buy Canadian?—A. Exactly.

By Hon. Mr. McLennan:

Q. What is the difference between an upper laker and a lower laker?—A. Their size and draught.

Hon. Mr. CASGRAIN: Fourteen feet and twenty feet.

The CHAIRMAN: One at a time, gentlemen, please. We cannot keep the record correct if everybody joins in the discussion.

By Hon. Mr. McLennan:

Q. Will Mr. Keefer kindly repeat what he said just now about the important thing to the Canadian shipping industry being the upper lake trade, rather than from Buffalo eastward.—A. Yes, regarding the movement of grain through the port of Buffalo and the allegations that that grain would have to go out by American seaboard ports. If the grain is transported to Buffalo in Canadian or British boats, as we call them, they can ship out of Buffalo any way they desire, by New York, Montreal, or whatever other route is best available. All we ask is that all that grain be carried to Buffalo in Canadian boats, if they are going to use the Canadian route.

By Right Hon. Mr. Graham:

Q. That sounds reasonable, but that shuts off the competition that the western farmer hopes to have by American bottoms through Buffalo.—A. There would be nothing to prevent the traffic going via New York, but if the movement is to Montreal we think it should be by Canadian ships.

By Hon. Mr. Casgrain:

Q. Take a laker such as the *John M. Lemoine*, if that ship were made in England and you tried to bring her out here, would she not break up coming out?—A. I don't think they could build them there and bring them through the canals.

By Hon. Mr. McRae:

Q. Can Mr. Keefer tell us something about the Matthews fleet? There is nobody here representing that concern, and its fleet is important. I have in mind we should determine what part our Canadian shipbuilding is able to do with respect to our ships that we may expect to continue in the coastwise trade.—A. The Matthews fleet—I think Mr. Enderby probably knows more than I do about it. Its recent upper lakers were built in Canadian yards. They bought their lower lakers from British yards. That is the same as the practice of all the lower lake fleets, except the ships Mr. Enderby had built. I think the Matthews fleet did buy a couple of American bottoms, but I am not certain. Mr. Enderby would know about that.

The CHAIRMAN: I would like Mr. Enderby to give us that information.

Mr. ENDERBY: Mr. Chairman and honourable gentlemen, I know that the major ships of the Matthews fleet, two ships, were built in Canadian yards. Mr. Smith here built one at Port Arthur, and, I think the other one at Collingwood. As to their policy on the lower lakes fleet, I do not recall the building of any of those ships in Canadian yards. I think they were built in Great Britain and brought over to Canada. That is the extent of my knowledge of the Matthews fleet.

Hon. Mr. DANDURAND: Mr. Keefer, under the present Act and under this Bill the Pool can send their grain from Winnipeg or Fort William in an American bottom to their elevator in Buffalo. Now, when the grain is in that elevator in Buffalo, hasn't the owner the right to ship it by a Canadian boat to Montreal?

Mr. KEEFER: I doubt if he would, under the new Act. If the grain is to go to Montreal, both legs of the movement must be in a British boat. If the Pool move their grain to Buffalo in an American boat, I do not think they could safely move it to Montreal.

Hon. Mr. GRIESBACH: In an American boat?

Mr. KEEFER: In any kind of boat. That is under the new Act.

Right Hon. Mr. MEIGHEN: Do you say, Mr. Keefer, that if a company in Winnipeg ships its grain in an American bottom to Buffalo, that then it cannot reship that grain in a Canadian bottom to Montreal?

Mr. KEEFER: Yes.

Right Hon. Mr. MEIGHEN: I did not understand that to be Mr. Enderby's interpretation. He said they would still have the alternative of sending it through the Canadian port, but they would have to use a Canadian bottom.

Mr. KEEFER: If they used an American bottom on the first leg, I do not think, under the definition of the coasting law in Bill J, that they could.

Right Hon. Mr. MEIGHEN: Is it not pretty serious, if they use an American bottom to Buffalo that they then have to ship via New York?

Mr. KEEFER: That is what we wish to stop.

Right Hon. Mr. MEIGHEN: If your interpretation of that Act is right, once the grain has reached Buffalo in an American bottom it has got to go out through New York?

Mr. KEEFER: Yes.

Right Hon. Mr. MEIGHEN: That is pretty serious.

Right Hon. Mr. GRAHAM: Isn't it the shipping that is coasting and not the grain?

Mr. KEEFER: Yes.

Hon. Mr. GRIESBACH: I see no objection to a Canadian ship carrying it to Montreal.

Mr. KEEFER: If it is to travel an all-Canadian route, it has to go in British ships all the way.

Right Hon. Mr. MEIGHEN: Is that your view, Mr. Enderby?

Mr. ENDERBY: Yes, sir. If it is going to move from Fort William out of Montreal eventually, under this new Act it must travel all the way in Canadian bottoms.

Right Hon. Mr. MEIGHEN: Is it a fact that some grain that is shipped to Buffalo goes no farther, or is every shipment to Buffalo a through shipment?

Mr. ENDERBY: No, sir. They are not all through shipments. In some cases the grain is consigned and destined to Buffalo for furtherance as the owner or shipper sees fit.

Hon. Mr. DANDURAND: Are you referring, Mr. Keefer, to grain that is shipped under the preference of six cents a bushel?

Mr. KEEFER: The grain that goes to Great Britain under that preference must move all the way via the Canadian route and not even touch Buffalo, as we understand it.

Hon. Mr. BEAUBIEN: Could you not ship in this way? Supposing you ship grain from the head of the lakes by an American boat to Buffalo and put it in the elevator there, could you not make a second shipment, that is from the elevator in Buffalo to Montreal, by a Canadian boat?

Mr. ENDERBY: That would be a breach of the coasting law, as it is drafted now.

Hon. Mr. BEAUBIEN: They would be two different shipments. Suppose grain was shipped this season from the head of the lakes by an American bottom to Buffalo and stood in the elevator there all winter. Next year could you not take that grain and ship it from Buffalo to Montreal on a Canadian boat?

Mr. ENDERBY: As two separate shipments, I think that could be done.

Hon. Mr. BEAUBIEN: But the time is no factor. Why can you not ship it on the first leg directly to Buffalo, and then make a second shipment from Buffalo to Montreal?

Mr. ENDERBY: Apparently it depends upon whether the grain has been entered in the United States or is in bond.

Hon. Mr. BEAUBIEN: Can it be kept in bond for a while?

Mr. ENDERBY: Yes, but then it is in transit, and if it is in transit between two Canadian ports it cannot touch an American port.

Hon. Mr. CASGRAIN: In subsection (12) of section 3, the interpretation section, "coasting trade of Canada" is defined this way:—

"Coasting trade of Canada" means the transportation by water or by land and water of goods or passengers from one place in Canada to the same or another place in Canada, whether or not such transportation is direct or via a foreign port outside of Canada and includes any part of such transportation.

Right Hon. Mr. MEIGHEN: The test is if it is entered into the United States or whether it is there in bond.

Hon. Mr. GRIESBACH: It is still in transit if in bond.

Right Hon. Mr. MEIGHEN: If it is shipped by an American boat and is in bond in the United States it cannot be transhipped again in a Canadian bottom to a Canadian port.

Hon. Mr. CASGRAIN: It cannot be shipped that way if it is to get the advantage of the six cents preference.

Right Hon. Mr. MEIGHEN: The result will be that the shipment in bond via Buffalo will be stopped as regards American boats and will be confined to Canadian boats.

Mr. KEEFER: What you are seeking to put into the present law is the same as the American law is now. Even under the old law as it has stood for some time, we have the opinion of the Department of Justice that the method that has been used of shipping to Buffalo in American bottoms and from Buffalo to Montreal, is illegal.

Hon. Mr. BEAUBIEN: From Buffalo in Canadian bottoms?

Mr. KEEFER: In Canadian or American bottoms. But the Act was probably a little lacking in the machinery to enforce it. The new Act will have penalties levied on a tonnage basis, and forfeiture of cargoes.

Hon. Mr. BÉIQUE: Under the treaty that has been in existence with the United States, the United States vessels have equal rights with Canada to navigate on the St. Lawrence. I do not understand that because a vessel would be coming from Buffalo there would be any impediment.

Right Hon. Mr. MEIGHEN: That is subject to the coasting laws of each country, Senator Béique.

Hon. Mr. BÉIQUE: But the treaty is general.

Right Hon. Mr. MEIGHEN: Yes, I know. If you are right, it is for us to enforce this coasting law, which, Mr. Keefer says, has always been the law, though it has not been enforced. If you are right that constituted a violation of equal privileges on the St. Lawrence, under the treaty of 1909, and that treaty has been violated all these years by the United States, because they have enjoyed privileges which we have not enjoyed at all. They have forbidden our vessels to carry grain from Duluth to Port Colborne, and then from Port Colborne to Buffalo; but they have had that privilege themselves.

Hon. Mr. BEAUBIEN: Are we not re-establishing equality?

Right Hon. Mr. MEIGHEN: Yes, if the senator's idea of equality is right.

Hon. Mr. McRAE: Am I right in saying that these American ships in the Canadian service on the lakes have been transferred to British registry?

Mr. KEEFER: Yes, and those that are privileged to engage in the coasting trade paid duty.

May I read the American definition of the coasting trade:—

No merchandize shall be transported by water under penalty of forfeiture thereof from one port of the United States to another port of the United States, either directly or via a foreign port, or for any part of the voyage, in any other vessel than a vessel of the United States.

That is practically the wording we are asking for. It clarifies the condition which existed. When the present coasting law definition, as it appears in the old Canada Shipping Act, was designed, we did not have that class of movement.

GORDON P. CAMPBELL (representing the Toronto Elevators Limited, Sarnia Elevator Company, Limited, Midland Simcoe Elevator Co. Ltd., The Great Lakes Elevator Company, Limited, Collingwood Terminals Limited, and Goderich Elevator and Transit Company, Limited).

Mr. Chairman and honourable gentlemen, I represent these various elevator companies engaged in the storing and transfer business in the Eastern Division.

The CHAIRMAN: In a general way, are you opposing anything in this Bill.

Mr. CAMPBELL: No. I am in favour of it, Mr. Chairman. If I may, I will file a brief, which may be of assistance.

MEMORANDUM TO THE STANDING COMMITTEE OF THE SENATE
ON BANKING AND COMMERCE IN SUPPORT OF THE
PROVISIONS IN BILL "J" CONCERNING COASTING
TRADE IN CANADA

Presented by Gordon P. Campbell, representing: The Toronto Elevators Limited, Sarnia Elevator Company Limited, Midland Simcoe Elevator Co. Ltd., The Great Lakes Elevator Company Limited, Collingwood Terminals Limited, and Goderich Elevator and Transit Co., Ltd.

"1. The above-mentioned elevators urge the adoption of the provisions of Bill "J" with respect to the coasting trade of Canada for the following reasons:—

"1. The proposed provisions will have the effect of diverting a larger volume of grain through an All-Canadian Grain Route which has been established by the expenditure of large sums of money by the Government of Canada and private interests:

"(a) During recent years the Government of Canada has expended large sums of money on the development of Canals, Harbours, and other facilities for the purpose of improving the water route from the head of the lakes to sea-board. The Government and private interest have also constructed large elevators having sufficient capacity to store and handle the entire Canadian Grain Crop. The facilities existing in Canada are equal to the facilities existing in the United States. A list of elevators with storage capacities operating east of Fort William and Port Arthur is set forth in Schedule VI attached hereto.

"(b) There are sufficient British ships operating on the inland waters to provide transportation of all Canadian grain shipped through Fort William and Port Arthur. The total wheat carrying capacity of Upper Lake Vessels under present draft is approximately eleven million bushels per trip and under normal draft this amount would be increased by approximately 20 per cent. The total wheat carrying capacity of canalers under present draft is approximately twelve million bushels per trip and would be increased under normal draft approximately 5 per cent. The estimated number of trips for Upper Lake Vessels during the average Navigation Season between Fort William and Port Colborne is 23, and the estimated number of trips of canalers during the average navigation season between Port Colborne and Montreal is 28.

"2. The proposed amendment will eliminate the existing unfair competition from American vessels.

"The transportation interests have met with unfair competition from American vessels for a great many years resulting in serious losses to those engaged in this business. American vessels engaged chiefly in the transportation of coal and ore in the United States coastwise trade only carry Canadian

grain when they are unable to obtain cargoes of coal and ore or American grain. In consequence the rates offered by these vessels are not fair competition rates, but distress rates when cargoes are not obtainable in their own country.

"Canadian vessels are not permitted to engage in a similar business in the United States. See extracts from their navigation laws set forth in Schedule VII attached hereto.

"3. The transportation and handling of Canadian grain is principally dependent on Canadian vessels and elevators both rendering public service entitled to the support and assistance usually afforded public services.

"The elevators erected by the Government of Canada and private interests are operated as public elevators and render a necessary service in connection with the transportation of grain from the head of the Lakes to seaboard. The companies owning and operating vessels and engaged in the grain trade also render a public service similar in character to that rendered by railways and other transportation facilities. It is therefore important not only to the grain interests, but to the public of Canada that all factors contributing to this service be free from unfair competition and enabled by increased business to continue to render efficient service. During recent years these interests have been subject to unfair competition from American vessels and a large volume of grain has been shipped through United States channels, resulting in severe losses to Canadian interests. With increased volume the Canadian interests can successfully operate without in any way increasing the cost of transportation. An analysis of the movement of grain from Fort William to Port Arthur showing ports of destination and nationality of vessels carrying such cargoes is set forth in Schedules I, II, and III.

"In this connection, it is to be observed that the Canadian elevators to be benefited include the Government elevators at Port Colborne and Prescott, which are especially equipped to handle transfer business.

"4. These provisions will have the effect which was intended by previous legislation, the language of which was insufficient to effect its intent.

"The previous Legislature intended to prohibit American vessels from engaging in the coastwise trade of Canada. It failed to do so because of defective language. The defect was not discovered until 1924 when after a complaint to the Commissioner of Customs referred to the Deputy Minister of Justice, afterwards Mr. Justice Newcombe of the Supreme Court of Canada, the following statement of the position was made by the Deputy Minister:

'With further reference to your letter of the 31st ultimo, you are advised that the Deputy Minister of Justice is of opinion that the carrying from Fort William and Port Arthur to Buffalo, N.Y., in United States vessels, of grain destined for Montreal, which is unloaded into elevators at Buffalo and reshipped in other vessels of Canadian or United States registry capable of passing through the canals en route to Montreal, is a clear evasion of Section 865 of the Canada Shipping Act, which provided that "no goods or passengers shall be carried by water, from one part of Canada, to another, except in British ships". The Deputy Minister is, however, of opinion that the language of the statute is not adequate to render the master of a vessel discharging at Buffalo liable to penalty or the goods being discharged there for transshipment to Montreal subject to forfeiture.'

"5. The increased volume of grain transportation business over the all-Canadian route will directly benefit the Canadian people as a whole by the employment of large numbers of workmen.

"(2) The above-named elevators advance the following answers to objections which have been raised to the proposed provisions:—

"1. To the objection that shipments through Buffalo, an essential grain route, will be adversely affected:

While it is conceded that this is an important grain route, it is not essential, and the shipment through Buffalo can be maintained to whatever extent is necessary by transportation in British ships.

The carriage of grain through Buffalo by American vessels where such grain is to be shipped from New York or American seaboard ports will not be affected, by the proposed provisions.

"2. To the objection that the elimination of American competition in Canadian coastwise trade will result in an increase in rates:

"(a) There is a sufficient surplus of British tonnage to ensure sufficient competition to control rates;

"(b) There will be sufficient inter-Canadian competition;

"(c) There will be sufficient competition by American interests seeking shipments from Fort William via Buffalo for export from New York and American seaboard ports;

"(d) There will be sufficient competition by the interests controlling shipment via Vancouver;

"(e) The legislature has control over storage, handling and transportation rates in respect to grain shipments, and the Canadian Government owns and operates elevators at such strategic points as Port Colborne and Prescott. This control does not of course extend to competitive American trade and if it were not for the transportation facilities provided by Canadian interests, the rates in American vessels would be substantially higher than the present rates charged by Canadian vessels.

"3. To the objection that grain which has been shipped from the head of the Lakes to United States lake ports by American vessels can not be exported where ocean boat movement is more favourable via Montreal than via United States seaboard ports.

"This condition will not arise as the movement to the United States lake ports will be confined to Canadian vessels unless the grain is definitely directed to an American export route.

"A statement of the transshipments of wheat from lake ports to Montreal by vessel is set forth in the schedule attached hereto marked IV, and it will be noted what a very large volume of grain has been transhipped from Buffalo to Montreal during that period, the revenue being practically wholly received by United States interests.

"It will also be noted by referring to Schedule V attached hereto that between 1918 and 1931 approximately 44 per cent of the total wheat exports for such period was exported through United States ports.

SELECT STANDING COMMITTEE

SCHEDULE I

SHIPMENTS OF GRAIN FROM FORT WILLIAM AND PORT ARTHUR TO CANADIAN AND UNITED STATES PORTS BY CANADIAN AND UNITED STATES VESSELS

For Crop Year	To Canadian Ports		To United States Ports	
	In Canadian Vessels	In United States Vessels	In Canadian Vessels	In United States Vessels
	Bushels	Bushels	Bushels	Bushels
1920-21.....	99,131,244		15,601,906	62,077,734
1921-22.....	110,317,689	413,000	15,759,645	99,179,701
1922-23.....	134,796,030	596,512	6,224,603	132,184,307
1923-24 (11 Mos.).....	163,074,911	2,284,629	13,256,306	158,911,673
1924-25.....	120,847,519	3,456,540	16,705,024	90,075,128
1925-26.....	163,053,834	2,386,322	12,126,748	147,333,917
1926-27.....	122,284,479	4,035,854	34,398,970	121,804,396
1927-28.....	132,224,869	7,970,652	28,187,979	140,216,708
1928-29.....	159,936,339	19,791,244	22,354,520	168,007,876
1929-30.....	85,850,507	558,888	10,407,374	68,057,512
1930-31.....	119,604,569	259,300	6,615,009	95,061,067
	1,411,121,990	41,752,941	181,638,084	1,282,910,109
	41,752,941			181,638,084
	1,452,874,931			1,464,548,193

Dominion Bureau of Statistics
Agricultural Branch—1931—p. 82
Grain Trade of Canada Reports 1921-1931

SCHEDULE II

LAKE SHIPMENTS FROM FORT WILLIAM AND PORT ARTHUR BY NATIONALITY OF VESSELS

Crop Year	Bushels
1927-28—	Approx. Figures
788 cargoes in Canadian vessels.....	148,187,360
508 cargoes in United States vessels.....	150,412,848
1928-29—	
854 cargoes Canadian vessels.....	178,054,626
627 cargoes United States vessels.....	164,985,350
	363,039,976
1929-30—	
539 cargoes Canadian vessels.....	95,076,549
230 cargoes United States vessels.....	67,236,081
	162,312,630
1930-31—	
714 cargoes Canadian vessels.....	127,219,578
320 cargoes United States vessels.....	96,061,067
	223,280,635

Dominion Bureau of Statistics
Agricultural Branch
Grain Trade of Canada 1931—p. 81

SCHEDULE III

TOTAL GRAIN SHIPMENTS FROM FORT WILLIAM AND PORT ARTHUR BY NATIONALITY OF PORT OF DESTINATION

	Bushels
1927-28—	
Canadian ports.....	140,195,521
United States ports.....	168,463,082
	308,658,603
1928-29—	
Canadian ports.....	180,255,333
United States ports.....	190,362,396
	370,617,724

1929-30—		
Canadian ports.....	86,409,395	
United States ports.....	78,511,645	
		164,921,040
1930-31—		
Canadian ports.....	119,863,869	
United States ports.....	102,821,076	
		222,684,945
Dominion Bureau of Statistics		
Agricultural Branch		
Grain Trade of Canada Reports 1931—p. 82		

SCHEDULE IV

SHIPMENTS OF WHEAT TRANSHIPPED FROM LAKE PORTS TO MONTREAL BY VESSEL

Crop Year Ending July 31	From Canadian Lake Ports	From Buffalo
	Bushels	Bushels
1923-24.....	32,763,368	13,868,567
1924-25.....	29,606,166	10,795,666
1925-26.....	42,220,158	19,589,566
1926-27.....	32,649,992	24,767,467
1927-28.....	42,658,382	40,388,023
1928-29.....	33,665,103	39,621,267
1929-30.....	23,261,712	14,266,366
1930-31.....	39,934,166	17,894,967
	275,333,343	181,191,899

Dominion Bureau of Statistics
Agricultural Branch
Grain Trade of Canada Reports 1923-1931 pp. 12-15.

SCHEDULE V

WHEAT EXPORT SHIPMENTS OVERSEAS

Crop Year	Eastern Canadian Ports	United States Ports	Total
	Bushels	Bushels	Bushels
1918-19.....	35,292,000	19,102,080	54,394,080
1919-20.....	48,345,771	13,023,281	61,369,052
1920-21.....	32,767,225	54,193,010	86,960,235
1921-22.....	42,572,122	100,009,466	142,581,588
1922-23.....	86,874,671	129,871,095	216,745,766
1923-24.....	126,790,482	141,079,337	267,869,819
1924-25.....	68,715,446	75,071,286	143,786,732
1925-26.....	142,508,257	122,584,780	265,093,037
1926-27.....	132,166,033	111,475,189	243,641,222
1927-28.....	184,594,013	95,541,047	280,135,060
1928-29.....	229,952,210	114,412,250	344,364,460
1929-30.....	93,171,035	55,288,905	148,459,940
1930-31.....	148,620,371	71,828,454	220,448,825
	1,372,369,636	1,103,680,180	2,476,049,816

Dominion Bureau of Statistics
Agricultural Branch—1931—p. 15
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SCHEDULE VI

CANADIAN ELEVATORS AND STORAGE CAPACITY EAST OF FORT WILLIAM AND PORT ARTHUR

	Storage Capacity Bushels
<i>Elevators on Georgian Bay and Lake Huron—</i>	
Goderich.....	3,600,000
Sarnia.....	3,000,000
Owen Sound.....	4,000,000
Collingwood.....	2,000,000
Midland.....	4,000,000
Tiffin.....	5,500,000
Port McNicoll.....	6,500,500
	<hr/>
<i>Elevators on Lake Erie—</i>	28,600,500
Port Colborne.....	3,600,000
<i>Elevators on Lake Ontario—</i>	
Toronto.....	2,000,000
Kingston.....	2,500,000
Prescott.....	3,000,000
<i>East of Prescott—</i>	
Montreal.....	15,162,000
Halifax.....	2,100,000
Saint John.....	2,500,000
West Saint John.....	500,000
Sorel.....	2,000,000
	<hr/>
	61,162,500
<i>Buffalo—</i>	
Twenty elevators.....	42,973,000
Dominion Bureau of Statistics	
Agricultural Branch	
Grain Trade of Canada	

SCHEDULE VII

Following is a quotation from the United States laws and is quoted from the Navigation Laws of the United States issued by the Department of Commerce of the United States:—

“Foreign Vessels Barred from Coasting Trade

“No merchandise shall be transported by water under penalty of forfeiture thereof from one port of the United States to another port of the United States, either directly or via a foreign port, or for any part of the voyage, in any other vessel than a vessel of the United States. But this section shall not be construed to prohibit the sailing of any foreign vessel from one to another port of the United States: *Provided*, that no merchandise other than that imported in such vessel from some foreign port which shall not have been unladen shall be carried from one port or place in the United States to another. (R.S. 4347; Feb. 15, 1893; Feb. 17, 1898, sec. 1.)”

The following is quoted from Section 27, Merchants Marine Act, 1920:—

“Sec. 27. That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this Act: *Provided*, that this section shall not apply to merchandise transported between points within the continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate

tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connection water facilities: *Provided further*, that this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the Shipping Board shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic."

The following is from the Navigation Laws of the United States above-mentioned:—

"Vessels registered pursuant to law and no others, except such as shall be duly qualified according to law for carrying on the coasting or fishing trade, shall be deemed vessels of the United States and entitled to the benefits and privileges appertaining to such vessels; but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by a citizen or citizens of the United States or a corporation created under the laws of any of the States thereof, and be commanded by a citizen of the United States. And all the officers of vessels of the United States who shall have charge of a watch, including pilots, shall in all cases be citizens of the United States. (R.S. 4131; May 28, 1896. See also qualifications of officers, p. 35)."

"Sec. 2. (a) That within the meaning of this Act no corporation, partnership, or association shall be deemed a citizen of the United States unless the controlling interest therein is owned by citizens of the United States, and, in the case of a corporation, unless its president, and managing directors are citizens of the United States, and the corporation itself is organized under the laws of the United States or of a State, Territory, District, or possession thereof, but in the case of a corporation, association, or partnership operating any vessel in the coastwise trade the amount of interest required to be owned by citizens of the United States shall be 75 per centum.

"(b) The controlling interest in a corporation shall not be deemed to be owned by citizens of the United States (a) if the title to a majority of the stock thereof is not vested in such citizens free from any trust or fiduciary obligation in favour of any person not a citizen of the United States; or (b) if the majority of the voting power in such corporation is not vested in citizens of the United States; or (c) if through any contract or understanding it is so arranged that the majority of the voting power may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; or (d) if by any other means whatsoever control of the corporation is conferred upon or permitted to be exercised by any person who is not a citizen of the United States.

"(c) Seventy-five per centum of the interest in a corporation shall not be deemed to be owned by citizens of the United States (a) if the title to 75 per centum of its stock is not vested in such citizens free from any trust or fiduciary obligation in favour of any person not a citizen of the United States; or (b) if 75 per centum of the voting power in such corporation is not vested in citizens of the United States; or (c) if, through any contract or understanding it is so arranged that more than 25 per centum of the voting power in such corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; or (d) if by any other means whatsoever control of any interest in the corporation in excess of 25 per centum is conferred upon or permitted to be exercised by any person who is not a citizen of the United States.

"(d) The provisions of this Act shall apply to receivers and trustees of all persons to whom the Act applies, and to the successors or assignees of such persons. (Sept. 7, 1916, Sec. 2; June 5, 1920, sec. 38.)"

There are just one or two headings that I wish to cover in connection with the position of the elevators. We support the provisions contained in the proposed Act, so far as they relate to the coasting trade in Canada. We say that the proposed provisions merely interpret what was meant by the old legislation. The defect in the old legislation was not known until 1924, I think it was, after this movement started through Buffalo in 1923 via American vessels. At that time a letter was written upon the advice, I think, of the Deputy Minister, afterwards Mr. Justice Newcombe of the Supreme Court. It said:—

With further reference to your letter of the 31st ultimo, you are advised that the Deputy Minister of Justice is of opinion that the carrying from Fort William and Port Arthur to Buffalo, N.Y., in United States vessels, of grain destined for Montreal, which is unloaded into elevators at Buffalo and reshipped in other vessels of Canadian or United States registry capable of passing through the canals en route to Montreal, is a clear evasion of Section 865 of the Canada Shipping Act, which provides that "no goods or passengers shall be carried by water, from one part of Canada, to another, except in British ships." The Deputy Minister is, however, of opinion that the language of the statute is not adequate to render the master of a vessel discharging at Buffalo liable to penalty or the goods being discharged there for transshipment to Montreal subject to forfeiture. We say it was never intended by any legislation that this movement should take effect through Buffalo, as it has in the past, and we think the present section is adequate to prevent that.

Now, if I may deal for a moment with facilities. It seems to me it is of the utmost importance to the farmer to be sure that prices will not be increased. The elevators that I represent in the Eastern Division are most vitally concerned.

Right Hon. Mr. GRAHAM: What does the Eastern Division embrace?

Mr. CAMPBELL: It embraces everything east of Fort William and Port Arthur.

Hon. Mr. GRIESBACH: Eastern Division of what?

Mr. CAMPBELL: I may say that under the Grain Act there is a Western Division and an Eastern Division. The Eastern Division includes all territory east of and including Fort William and Port Arthur. Those elevators naturally are dependent upon their business coming through the Canadian channels. We have carefully considered whether or not this proposed legislation will result in the movement of more grain through Buffalo, thereby depriving us of business. We are satisfied that that is not the case. The elevator interests and the steamship interests are operated as public services. The elevators are public elevators operated under the Board of Grain Commissioners. The steamship interests also render a public service equal to that of the railways. You will realize, and I think the farmers will realize that there is only one way to get fair and competitive rates both in the handling through elevators and steamships, and that is by an increased volume of business. Now, we are confronted with unfair competition from American sources. Mr. Enderby dealt with the matter very well when he pointed out that the ships engaged in the coastwise trade in Canada, that is, Canadian registered ships, are deprived of going into the United States coast trade in any way. The result is that American vessels are not primarily engaged in carrying grain through the Canadian channels. If we were dependent upon Canadian boats to transport this grain, the cost of transportation would be excessive. The American boats do not come in and carry grain at low rates except in cases of distress, and I do not think that the rate is held down a particle by the competition from these American boats. It simply takes the volume of business away from the Canadian boats so they are forced to operate at a loss. In the steamship business the movement of a vessel is very important. An

American vessel is primarily engaged in the movement of ore, stone, coal, or American grain from Duluth. They make a voyage to the head of the lakes. They carry their products in the American coastwise trade. If it happens that there are a number of boats loading, or there is not the tonnage available, they come across to Fort William, and it is much cheaper to keep those boats moving than tie them up, even if they carry grain at a loss. It is not fair that the steamship interests of Canada should be subjected to that movement. It is simply a case of unfair competition. If it was a case of fair competition and offering their services at all times to the Canadian grain grower, it would be an entirely different matter.

By Right Hon. Mr. Graham:

Q. You cannot reciprocate on account of the American law?—A. No, we cannot. We elevators feel that we are equipped—and I can prove quite well that we are—to handle a far greater volume than the peak shipments through the eastern division. The increase in storage and transfer facilities in the elevators has increased substantially during the past few years. There is a schedule which shows the elevator facilities are over 60,000,000 bushels, and elevator storage facilities in the east capable of handling this grain business that come down from Fort William and Port Arthur. That is the storage. I think I am quite right in saying the transfer business is almost unlimited with storage capacity of that size. The Bay ports are well equipped with transfer facilities to handle almost any volume of business. At Port Colborne the Government elevator can handle a very large volume of business. At Prescott the Government elevator can handle probably twenty times the amount of business they are doing now.

By Hon. Mr. Casgrain:

Q. And Kingston?—A. Yes, Kingston. At Toronto there is a new elevator, and at Collingwood. Since 1924 there has been a very considerable increase in elevator facilities in Canada.

Q. And Sorel?—A. Yes, that is a new elevator. It is only with an increased volume that we will ever be able to perfect this all-Canadian grain route and get the cost down. If you turn for a moment to one of the schedules you will note the very large percentage over ten years, from 1921 to 1931 inclusive, that 51 per cent of our grain has moved out through United States ports, and 49 per cent through Canadian ports. Those percentages are approximate. That has been gradually improving, I submit, with the improvement of facilities that we have for the handling of grain.

By Right Hon. Mr. Graham:

Q. You do not get any of their grain from the United States?—A. Some for storage. During the past few years considerable of the Farm Board grain has been stored in Canadian elevators in the Bay ports. They have kept this grain in storage for some time. We have better storage facilities here, it is colder and the grain is better preserved. That is one strong point with all-Canadian grain. The more you move our grain by the all-Canadian route the better you eliminate any possibility of mixing, and so preserve the identity of the grain going through Canadian ports, and so it is better for the market.

Q. If the United States insisted on all their grain going through American ports, would that affect our volume?—A. As far as export business is concerned it would be negligible.

By Hon. Mr. Casgrain:

Q. Why leave out Quebec?—A. I notice it has been left out. It is a very important factor. That adds another 5,000,000 bushels to the list.

By Hon. Mr. McLennan:

Q. The American trade through the St. Lawrence was very considerable at one time. Has it disappeared?—A. It is very small now.

By Hon. Mr. Griesbach:

Q. But that is a very important matter in the event of retaliation. What proportion of the wheat shipped out of Montreal in any year is American wheat?—A. I think probably Mr. Parsons can say.

By Right Hon. Mr. Graham:

Q. Quite large quantities of their other grains besides wheat go through the elevators at Montreal.—A. Those figures are available, and I shall be glade to obtain and file them with the Committee.

If I may just deal with the tonnage of the lakes. I have figures to show the Canadian tonnage that can be thrown into this trade. At the present time there are sufficient British ships—Canadian ships—operating on inland waters to carry the entire Canadian grain crop. The total wheat carrying capacity of the upper lake vessels under present draught is approximately 11,000,000 bushels per year, and under normal draught that can be increased 20 per cent. Taking the average from Fort William and Port Arthur to Port Colborne, it is estimated that these vessels could make twenty-three round trips.

By Hon. Mr. McRae:

Q. What is the average length of a trip?—A. Approximately eight days. From Port Colborne the canallers have a carrying capacity per trip of approximately 12,000,000 bushels. Those canallers can also operate on the upper lakes. So we have available on the lakes at the present time a tonnage of 26,898,300. This tonnage for a great many years has not operated to capacity, and so far as the ability of the fleet is concerned, I think there is no question about it whatever.

If I may answer one or two questions that have been raised to the objection that shipments through Buffalo would be adversely affected. In answer to that I may say this. There is a very large volume of Canadian grain business, that is export business, done through Montreal. It is increasing. The figures show year by year. On the other hand, there is a large volume of business done through New York. The rates from the head of the lakes to Buffalo influence the movement to that port, and with the increased volume the Canadian boats will get from this business, they will be able to compete and, I submit, from the figures they have competed in the past with the American boats. Therefore, the shipper of grain is not deprived of putting his grain into Buffalo. He may put it there in Canadian vessels. He may then either put it down to New York and export it there, or through other American seaboard ports, or through Canadian channels.

By Hon. Mr. Dandurand:

Q. By leaving it in bond at Buffalo?—A. All this grain is shipped in bond. If it is not shipped in bond the Canadian Customs will not permit the grain to come back, because there has been a very stringent rule made to protect the identity of Canadian grain, and if it is not shipped in bond to Buffalo it will not be allowed to come back to Canada. In other words, you have to maintain the identity of the grain.

Hon. Mr. GRIESBACH: If it went in, not in bond, it would have paid duty of 42 cents a bushel in the United States, anyway?

Mr. CAMPBELL: Yes.

Hon. Mr. GRIESBACH: And that would be the end of it.

Mr. CAMPBELL: Yes. And there is a certain quantity of wheat milled at Buffalo, and that can all be transported in American boats, of course.

Hon. Mr. CASGRAIN: That is hard wheat?

Mr. CAMPBELL: Yes, sir. But as far as the movement to Buffalo is concerned, it is going to be adversely affected unless this Committee and the Government feel that they want to subject the ship owners to this unfair competition of distress rates. I may say that as far as the vessel owners are concerned, they would be perfectly content to operate along with the American vessels if we had a reciprocity agreement. They could compete, as far as the vessels are concerned, with American vessels on fair rates at any time. If we had reciprocity, so that we could go in and carry their coal, ore or stone in a similar manner to that in which they carry our wheat, we would be perfectly pleased to do so.

Hon. Mr. DANDURAND: What do you say to the argument of the farmer that you are eliminating an element of competition?

Mr. CAMPBELL: My answer is that there is a great deal of competition for the movement of wheat. There is keen competition amongst the vessel owners themselves. Then there is the opposition from Vancouver, and the shipments through that port have been increasing year by year. Then there is the movement from Hudson Bay, and from Buffalo for export through New York. There is no doubt that we cannot hope to eliminate the entire movement through New York, because New York is a very vital seaport.

Now, may I just point out that the railways will benefit from this movement through the Bay ports, as well as any other body. And the rail rate is competitive. From Georgian Bay to Montreal it is 14·34 cents in the winter, as against a rate from Buffalo to New York of 15·17 cents. Now, to seaboard for winter transportation, from Georgian Bay to the American seaboard, that is Portland, Boston and Philadelphia, it is 15·17 as against the same rate from Buffalo to Boston and New York. And from Georgian Bay to Saint John it is 15·17. Therefore, as far as the rates are concerned by rail, grain lying at Bay ports can compete with grain lying at Buffalo. But it simply has been a long-established practice to take grain through this American port. And you can figure that in Canada we lose approximately at least six cents a bushel on all this grain that goes through Buffalo, and on the very large movement of grain that goes through there that amounts to \$60,000,000 or \$70,000,000 a year of direct loss to Canadian capital.

The CHAIRMAN: And to the railways?

Mr. CAMPBELL: Yes; they are vitally concerned.

Hon. Mr. SHARPE: If you are going to cut out the American boats coming in, how are you going to control the rates?

Mr. CAMPBELL: The rates are another matter. So far as the elevators and steamships are concerned, this Government has absolute control over the rates, the Board of Grain Commissioners have power to adjust the rates. Now, if the Canadian means of transportation fails, the wheat shipper is entirely dependent upon the American movement, and this Government has no control over American rates. And if such a situation ever did occur where the Canadian means of transportation failed, we in this country would pay very dearly for our transportation on American boats. I do not think anyone can say that the rates charged by the Canadian boats have been unfair. I think on investigation of the matter we would find that there is sufficient competition amongst the owners of those boats to regulate the rates.

Hon. Mr. CASGRAIN: They are cutting one another's throats just now.

Mr. CAMPBELL: The brief that I have prepared and that is filed may be of some use. I think it covers everything I have been referring to here.

Hon. Mr. McLENNAN: Mr. Campbell, would you be kind enough to repeat what you said about the loss to Canadian capital through the shipment of grain through Buffalo?

Mr. CAMPBELL: I stated that the loss to Canadian interests on this movement through Buffalo can be figured at six cents a bushel as a minimum.

Hon. Mr. McLENNAN: That is the loss we suffer on account of not getting the business?

Mr. CAMPBELL: Yes. We find that the low figure of exports through New York amounts to roughly 95,000,000 bushels and runs up to as high as 168,000,000. If you take an average of 100,000,000 for round figures, the loss at six cents a bushel amounts to \$60,000,000 a year, which is a very large sum for us to lose. I do not think I can stress too strongly the importance of diverting that volume of business, if it can be diverted. All the interests can make a lower rate than is now in force.

Right Hon. Mr. MEIGHEN: You argue that the admission of the American distressed tonnage when it suits their convenience to come into our trade, we being denied similar privileges in their country, is unfair to you and compels rates that it is impossible to preserve. Assuming you are right you will have to admit, nevertheless, that the Western farmer gets the benefit?

Mr. CAMPBELL: I do not think he does, Senator Meighen.

Right Hon. Mr. MEIGHEN: Would you not have to argue that under your proposed system the enlarged tonnage for Canadian vessels would result in generally lower rates?

Hon. Mr. CASGRAIN: We suffered very badly one fall as the result of an Order in Council passed by the previous government that allowed American vessels to come in. A whole fleet of American boats came up to Port Colborne and blocked the way, with the result that our own steamers were waiting to suit the convenience of these Yankee boats.

The Committee adjourned at 12.50 p.m., to resume twenty minutes after the adjournment of the Senate this afternoon.

The Committee resumed at 4.50 p.m.

The CHAIRMAN: Mr. Campbell, I understand that you would like to make a correction or alteration in your remarks.

Mr. CAMPBELL: Yes, Mr. Chairman. This morning, I think, the question was asked as to the amount of money that would be saved on the cost of transportation, or diverted to Canada, if this grain was transported through Canadian ports. I quoted \$60,000,000. That covers a period of ten years. It is \$6,000,000 a year, or one hundred million bushels at six cents a bushel.

Hon. Mr. SHARPE: Is that the saving on the grain shipped to the United States through their ports?

Right Hon. Mr. MEIGHEN: Yes. It is saved to Canada because six cents is—

Hon. Mr. SHARPE: But we do not ship one hundred million bushels to the United States.

Right Hon. Mr. MEIGHEN: Through the United States.

Mr. CAMPBELL: To United States ports in United States vessels. The total from 1921 to 1931 inclusive is 1,282,910,109 bushels.

Hon. Mr. McRAE: It has been reduced very much lately.

Mr. CAMPBELL: 1928-9 was the high year, with the figure of 168,000,000 bushels. In 1929-30, it was 68,000,000; and in 1930-31, 95,000,000 bushels.

Right Hon. Mr. MEIGHEN: That is because there was no crop.

Hon. Mr. SHARPE: It was 47,000,000 last year.

Mr. CAMPBELL: Yes. Even at that, it would average 100,000,000 bushels for the eleven year period.

Hon. Mr. FOSTER: Your whole idea is to try and divert more of this grain through Canadian channels. While this question is not, perhaps, directly connected with shipping, I should like to ask you if diverting more of this grain through Canadian channels in the summer time would have the effect of causing more grain to be stored at the Georgian Bay ports, and would thereby contribute more traffic to the railways and to the Canadian ports in the winter time?

Mr. CAMPBELL: There is no doubt about that whatever. A very large volume of grain that comes down in the fall is stored at Buffalo during the winter season, and if that can be directed through the Bay port elevators, then it will move out by rail—or a certain portion of it will—during the winter season to our Canadian seaboard ports at competitive rail rates, the same as from Buffalo. Therefore, there is no doubt that with the larger volume coming to Canadian elevators through the open season of navigation, a larger volume would be diverted to Canadian seaboard ports.

Hon. Mr. FOSTER: It would assist you in the summer time and the railways in the winter time.

Mr. CAMPBELL: That is correct.

Hon. Mr. McRAE: I notice the crop movements for 1930, 1931 and 1932 are approximately the same, being 219,000,000 bushels in 1930, 204,000,000 bushels in 1931, and 203,000,000 bushels coming down the lakes in 1932. In 1930 the Americans moved roughly forty-six per cent of the crop; in 1931 that was reduced to thirty-seven per cent, and in 1932 to twenty-three per cent. I think the committee would be interested in knowing the reason for that reduction during the last three years.

Mr. CAMPBELL: Well, I can only say this—I do not want to make it as an absolute statement, it is simply my own impression—that during the past two years, particularly, I think, a large portion of the grain business has been moving back into the hands of individuals rather than being in the hands of the pools. If the grain business had been in the hands of individuals I think a large portion would have come through Canada, because our Bay ports occupy a more strategic position than the United States ports. On the other hand you have Montreal, where you have storage facilities, and a seaboard outlet. At New York you haven't any storage facilities whatever. The private interests, I think, would prefer to have their grain—that is unsold grain—at Bay ports. The general expression used in the grain trade is that any grain that is elsewhere than Fort William or Port Arthur is "out of position," because all trades are done on the basis of Fort William and Port Arthur.

Hon. Mr. STANFIELD: Can you give any reason why so little wheat is shipped from Halifax?

Mr. CAMPBELL: One reason has been, of course, that over a period of years the custom has grown up of shipping grain through this American channel and through Montreal, and I think people have probably felt that they did not have the facilities through Halifax. In the first place, as compared with Montreal, they have not a large storage capacity; in the next place, you had the movement to Montreal—you could put it down there in the open season and move it out by vessel with far more despatch.

Hon. Mr. STANFIELD: I am speaking of the winter months.

Mr. CAMPBELL: I would say it is largely a case of storage facilities.

Hon. Mr. STANFIELD: You have the storage, but you do not ship it.

Mr. CAMPBELL: You have got at Montreal about fifteen million bushels storage as against, I think, about two million at Halifax.

Hon. Mr. STANFIELD: But you ship only 200,000 out of there. The elevator is full up now. Why don't you ship it out?

Mr. CAMPBELL: It may be a case of ocean despatch. If you can get this grain moving through a certain channel vessels will come in to take it out, but if there is a long established custom of grain moving from New York or Montreal, vessels will not come in to Halifax. But if you get a movement through Halifax vessels will come in.

Hon. Mr. GRIESBACH: It is a question of which came first, the egg or the hen. You don't get the traffic unless you get the ships, and if you don't get the ships you don't get the traffic.

Hon. Mr. TANNER: What is the total storage from the head of the lakes eastward?

Mr. CAMPBELL: About sixty-five million bushels.

Hon. Mr. McRAE: Have we a schedule of that storage?

Mr. CAMPBELL: Yes, there is a schedule attached. Quebec should be added. It has either four or five million bushels, making a total of sixty-five or sixty-six million bushels east of Fort William and Port Arthur. Those elevators, as I said this morning, are capable of handling an almost unlimited amount of transfer business. This is the straight storage capacity.

Hon. Mr. SHARPE: Is it true that American grain comes in much earlier than the Western grain and is shipped to Montreal and fills up the storage?

Mr. CAMPBELL: It has been the fact that coarse grains and corn—American grain—has in years past practically filled the elevators there. I tried to get the figures this morning as to the proportion of American grain going through Montreal, and I was told it would probably average something over ten million bushels per year for the past ten years. It has decreased considerably during the past few years. That is the amount of American grain shipped through Montreal. A number of years ago I think it was up to sixty or seventy million at one time—that is all grains, corn, coarse grains and American wheat.

Hon. Mr. GRIESBACH: To what is that due?

Mr. CAMPBELL: It is hard to say what it is due to. One thing it does prove, I think, that the Canadian route is the attractive route. It attracts American grain. All that grain moves in American vessels. We had the experience of Bay ports of storing Farm Board Grain—I think eighteen million bushels—and every bushel moved out a few months ago in American boats, and the Canadian boats did not even get a chance to bid on it or quote a rate.

Hon. Mr. SHARPE: Could we get a schedule of United States grain coming to Montreal?

Mr. CAMPBELL: Yes.

Right Hon. Mr. MEIGHEN: Why is the quantity diminishing?

Mr. CAMPBELL: I don't know.

Hon. Mr. BEAUBIEN: You told us this morning, I think, that the American boats that carry our grain have cargoes either of stone or ore or coal.

Mr. CAMPBELL: Yes.

Hon. Mr. BEAUBIEN: I suppose that in 1932 the fleet of boats that carry those commodities must have been reduced very considerably on account of the depression. There must have been many fewer American boats carrying coal and stone and ore.

Mr. CAMPBELL: I suppose that would be the case.

Hon. Mr. BEAUBIEN: That being the case, would there not be fewer carrying wheat back?

Mr. CAMPBELL: Not necessarily. Many of those contracts for coal and ore and stone—particularly ore—are long term contracts. They must be fulfilled, as they are charter parties, and very often the vessels are owned by the interests that control the shipment of the ore. The result is that these vessels must be put into operation to carry those goods, and it is much better to keep them operating than to tie them up, even if they carry on part of the voyage at a very low rate.

Hon. Mr. BEAUBIEN: They carry the ore whether the steel companies use it or not?

Mr. CAMPBELL: Oh, no. We would have to get all those figures to ascertain the quantity they carry.

The CHAIRMAN: Is there anything further?

Thank you, Mr. Campbell.

Now, is it the pleasure of the Committee to hear Mr. Burchell?

Right Hon. Mr. MEIGHEN: Before we hear Mr. Burchell I would like to ask some further questions of Mr. Enderby.

Mr. Enderby, could you give the Committee any further material in regard to why the American shipments are diminishing?

Mr. ENDERBY: Yes, sir. The movement of iron ore down the lakes last season diminished to something under three and a half million tons as compared with an average of fifty-five millions, and one of the principal reasons why the amount of grain carried by American fleets diminished was that the American tonnage in operation was reduced to the bone—there was sufficient to carry three and a half million tons as against an average of fifty million. I think that is the reason of the diminution.

Hon. Mr. DANDURAND: Were all those boats tied up?

Mr. ENDERBY: Some fleets were tied up entirely.

Right Hon. Mr. MEIGHEN: Why would that diminish the amount that went to Montreal?

Mr. ENDERBY: That grain is carried by the American boats to Buffalo.

The CHAIRMAN: If the American boats don't run they do not carry the grain.

Right Hon. Mr. MEIGHEN: I do not see how that would affect the Montreal route as compared with the Buffalo route. The fact that there are fewer boats carrying coal, stone and ore would not mean that less grain would go to Montreal and more to Buffalo.

Mr. ENDERBY: It would mean that there would be less go to Buffalo and more to Montreal.

By Right Hon. Mr. Meighen:

Q. And more to Montreal?—A. Yes.

Q. The fact surprising me was the diminution of American grain going by Montreal?—A. I was speaking of Canadian grain.

Q. Why is American grain going by Montreal diminishing? We want not to diminish that traffic.—A. I think the reason is the diminution of the export surplus of the American crop. They have not the grain to export.

Q. Very good.

The CHAIRMAN: Before we call Mr. Burchell, I understand Mr. Smith would like to make some further statement.

Mr. SMITH: Mr. Burchell will make the statement, Mr. Chairman.

The CHAIRMAN: Very good. Mr. Burchell.

CHARLES J. BURCHELL, K.C., Halifax, representing the Dominion Steel and Coal Corporation: I am appearing, Mr. Chairman, for the Dominion Steel and Coal Corporation.

Hon. Mr. DANDURAND: We are now off from the Great Lakes?—A. Yes, we are off from the Great Lakes.

The CHAIRMAN: In part.

WITNESS: Let me say that I have no objection to the provision with respect to the coasting trade. Let me also say that I have no objection to what Mr. Smith, Mr. Keefer, Mr. Campbell and Mr. Enderby said this morning, providing their remarks are confined to the Great Lakes. They were all speaking of fresh water shipping, but not of salt water shipping.

I would point out to the Committee that the Great Lakes are in a class by themselves. At the Imperial Conference in 1930, when the British Commonwealth Shipping Agreement was approved, it contained this clause:

Canada reserves the right when signing the agreement—

That is, the British Commonwealth Shipping Agreement of 1931.

—to declare the extent, if any, to which the provisions of the agreement, other than those of part one—

Which relates to registration.

—shall not apply to ships navigating the Great Lakes of North America.

So that any legislation can be passed with respect to them without regard to the provisions of the British Commonwealth Shipping Agreement.

Let me also say that while I am in accord with what Mr. Smith and the other gentlemen this morning spoke of with reference to the Great Lakes—I am not opposing what they said—I think after a conference with these gentlemen they will not object to what I am telling the Committee is the situation in Nova Scotia, and they will agree with me that that is salt water shipping.

The conditions on the Great Lakes are entirely different from the conditions in Nova Scotia. In the first place, in the upper lakes the ships must be constructed there; they cannot get there from the ocean. The two propositions that were put forward this morning, were, first, that there should be a duty of 50 per cent on all ships engaged in the coasting trade which were not built in Canada; the second proposition put forward—

Right Hon. Mr. MEIGHEN: I did not hear any 50 per cent.

Hon. Mr. GRIESBACH: 25 per cent.

Right Hon. Mr. MEIGHEN: He said in respect of repairs that the Americans charged a fifty per cent duty if done in Canada. I think he did suggest that we do likewise with respect to repairs to our ships done in the states. But he did not suggest any duty that I caught from his lips as to what should be imposed on British ships engaged in the Great Lakes trade.

Hon. Mr. GRIESBACH: His memorandum does; it goes as high as thirty per cent.

Right Hon. Mr. MEIGHEN: Yes, the memorandum said thirty.

WITNESS: Those are the two propositions as to duty on ships brought into Canada from outside for the coasting trade; that would be ships built in England.

By Right Hon. Mr. Meighen:

Q. You say that should only apply to the coastwise trade on the lakes, and not to trade out of Halifax and Vancouver?—A. I am thinking of ships for carrying coal. That is the particular interest I have for the moment. Our position is this: On the Great Lakes they are frozen up for practically six months of the year. The competition there, as the speakers have mentioned, is with our neighbours to the south, the Americans, and of course they are also frozen up for six months of the year. These fresh water boats are only suitable for use in fresh water. The condition in Nova Scotia is that the owner of a ship carrying coal, we will say, to Montreal has for six or seven months the use of his ship for that purpose, and for the remaining five or six months he is in competition with the world. That is one distinction. Ships built on the Great Lakes are of much lighter construction than ships used for carrying coal. Out ships must be of heavier construction, that is, ocean going ships.

Q. But you can build them in Halifax?—A. But at a greatly increased cost.

The position of the Dominion Steel and Coal Corporation, and its subsidiary, the Dominion Coal Company, is that it is shipping by far the greater part of its output up the St. Lawrence by vessel from Sydney to Montreal.

They have four ships of their own, and they have nine ships of English registry, owned in England, under charter. The nine ships under charter are for a period of years. The ships have to be specially constructed for this trade, and are not suitable for any other trade because they have to have large hatches. The cheapest method of transportation has been the chartering of ships for the St. Lawrence navigation, for six and a half or seven months in a year, and the owners of these ships then find employment for them for the rest of the time. Our charter is only for that period.

We have tried the experiment of ownership, and it has not worked satisfactorily. As a matter of fact, the four ships that we own now are not in operation. Our trade of course has gone down.

I should explain to the Committee something of the coal trade in Nova Scotia. At the present moment we are in very fierce competition with bituminous coal from England, carried at cheap rates, and they are sending the coal in greatly increased quantities. We are fighting that competition at the present moment, but we have always had competition from American coal.

Q. Your argument, Mr. Burrell, is that the competitive element that enters into the Great Lakes coastal traffic, namely, American vessels, necessarily is not an element for the regulation of rates as between Halifax and Montreal, and therefore the rates there would not depend on or have any direct relation with the coasting tonnage?—A. Yes. We are wholly dependent upon getting coal to Montreal and up the St. Lawrence as cheap as possible, and every single quarter of a cent variation from our present rate is important. The settled policy of the company now is that the cheapest way they can carry their coal is to enter into a long term charter, for ten years, for ships specially constructed for the trade, owned in England. Nine of them are now in operation. This year we expect to send 2,000,000 tons of coal from Cape Breton to Montreal. If we are compelled to pay duty on ships which we are chartering in order to enable them to continue that trade—

By Hon. Mr. Dandurand:

Q. That coasting trade?—A. That coasting trade, the Committee will see how this would greatly increase the cost of the carriage of coal. We would have to pay the 25 or 30 per cent, whatever it is, and of course that would mean—on the figures I have the 50 per cent duty would mean twenty-five cents a ton increase in the cost of our coal. Thirty per cent would not be so high, but even a cent or two cents at the present time with the competition we have would be a very serious matter. But it runs up to a number of cents.

Q. What is the duty on English bituminous coal?—A. The duty is now—There is a preference of thirty-five cents the net ton. The exchange makes it so much cheaper. With the depreciated pound sterling it is possible to get in coal from Great Britain at a very cheap rate, and it is very serious competition. That is the situation with regard to duty. If a duty is put upon ships with the intention of having all ships built in Canada, it would prevent us from chartering ships.

By Right Hon. Mr. Meighen:

Q. I suppose Halifax could enter into competition with the more western yards in the building of fresh water vessels?—A. We have not built any. The Halifax shipyards, you will understand, is a subsidiary company. I am speaking of the Dominion Steel and Coal Corporation. Mr. Smith spoke of it this morning.

Q. I was thinking of the invidious position it would put Halifax in to have a duty on such vessels built by other yards and none on vessels built in Halifax.—A. That is true.

Hon. Mr. McRAE: The same thing would be true as regards the West Coast, too.

Right Hon. Mr. MEIGHEN: Yes, the Pacific Coast as well.

WITNESS: That is a matter for the Committee to consider, of course, but Mr. Smith gave the increased cost for vessels for the lakes of from 25 to 30 per cent; that is, the cost in Canada over the cost of vessels in England. For the sturdier and stronger ships the percentage is higher. So that if we have to build new vessels—I think if we had to pay a ten per cent duty it would be impossible to carry on business by chartering ships.

Q. There would be none on vessels at present under charter.—A. Possibly not; but if a ship were lost we would have to get a new ship. We have several charters running out in the next two or three years. That would mean we would have to pay duty on those ships immediately, and thirty per cent would be prohibitive with respect to the coal trade. We just could not meet the competition. The cost of carrying coal would be so high that would be a serious handicap and very seriously prejudicially affect the interest of the Dominion Steel and Coal Corporation.

By Right Hon. Mr. Graham:

Q. Your big distributing point is Montreal?—A. Yes; also Quebec and Rimouski along the St. Lawrence. We also send by rail under special subventions. Up to the present we have been able to compete at Montreal. Beyond that the coal is aided by a subvention which the Government has been giving for the last two or three years. If we ship beyond Montreal we get special assistance.

By Hon. Mr. Griesbach:

Q. How far west do you get?—A. We have sent some coal to Ottawa and Toronto. So much for the duty.

With respect to the other matter suggested, that is, that all ships engaged in the coasting trade should be 75 per cent British control, let me say if that is passed it will be a new departure. Over in England they welcome foreign capital coming in and investing in their ships. I can understand for certain reasons on the Great Lakes, to meet American competition that principle may be necessary; but I think so far as the Maritime Provinces are concerned it would, for many reasons, be a serious mistake.

With regard to the particular company which I am now representing, the Dominion Steel and Coal Corporation, it would seriously affect us in regard to chartering. We charter a ship from an English company. At the time of

the original charter we may be able to satisfy ourselves that that company is seventy-five per cent British control. At any time the control of that company may change. We have no power over it. If twenty-six per cent of the stock of that company is conveyed by death or by sale to foreigners, then our charter automatically comes to an end; that ship will not be allowed to engage in the coasting trade if this principle becomes law.

By Right Hon. Mr. Meighen:

Q. What do you suggest is the right definition?—A. I think the definition that has been in the British Act for seventy-five years is the right definition. The company can own a ship which is incorporated in any part of His Majesty's dominions, provided the head office of that company is at some place in His Majesty's dominions, and the ship is really operated from that centre.

Right Hon. Mr. MEIGHEN: Well, then, a ship might be controlled entirely by people who live in New York, American citizens?

Mr. BURCHELL: Absolutely. That has been the law of England for seventy-five years.

Right Hon. Mr. MEIGHEN: Has that law not been substantially altered by the decision in the Polzeath case?

Mr. BURCHELL: Their principal place of business must be in the British Empire.

Right Hon. Mr. MEIGHEN: Does not that case go so far as to say that if the company which owns the ship is controlled by Americans, even though the company's head office is in the British Empire, say right in Montreal, nevertheless it is not a British ship for the reason that the actual control is not within the British Empire?

Mr. BURCHELL: If the actual control is in the United States, it is a violation of the Act.

Right Hon. Mr. MEIGHEN: Then, why not make it very clear that the company itself must be controlled by British subjects?

Mr. BURCHELL: In the first place, the Act as it is here now is the same as the English Act.

Right Hon. Mr. MEIGHEN: Our definition follows the British definition?

Mr. BURCHELL: Yes.

Right Hon. Mr. MEIGHEN: And you favour that?

Mr. BURCHELL: Yes.

Right Hon. Mr. MEIGHEN: But Mr. Keefer this morning wanted it changed.

Mr. BURCHELL: Yes, he wanted it to be changed to provide for 75 per cent control. I do not know how that would be on the Great Lakes.

Right Hon. Mr. MEIGHEN: Do you think it would be wise on the Great Lakes?

Mr. BURCHELL: I do not like to express any opinion with respect to the Great Lakes.

Right Hon. Mr. MEIGHEN: If you did like to express one, what would it be?

Mr. BURCHELL: Well, of course, you have special conditions there with which I am not familiar. I am not familiar with the question of American competition. But, of course, as it affects us down in the East, you can see how it would work with our long term charters.

Right Hon. Mr. MEIGHEN: You are quite satisfied with the Bill in all respects?

Mr. BURCHELL: Yes.

The CHAIRMAN: Are there any questions that any member of the Committee would like to ask Mr. Burchell?

Hon. Mr. STANFIELD: Mr. Burchell, you heard the question that I asked the former witness, as to why it is that more wheat is not shipped from Halifax. Do you care to express an opinion? If you do not care to do so, it will be all right so far as I am concerned.

Mr. BURCHELL: Well, Senator Stanfield, I tried very earnestly two or three years ago before the Board of Railway Commissioners to have the freight rates reduced on the Transcontinental Railway from Fort William to Saint John and Halifax. If the Transcontinental Railway were used for the purposes for which it was intended, and if we had the same rate to Halifax via the Transcontinental that there is now to Quebec via the Transcontinental, plus the usual differential from Quebec to Halifax, I do not think there would be very much trouble in getting large quantities of grain to go through the port of Halifax.

Hon. Mr. DANDURAND: That would be for winter shipping.

Mr. BURCHELL: Yes.

Hon. Mr. STANFIELD: Have we not got the same rate now as to New York?

Mr. BURCHELL: Via Georgian Bay, but not via the Transcontinental.

Hon. Mr. STANFIELD: There are two million bushels there now. Why are they not shipped out?

The CHAIRMAN: We have Mr. P. F. Bredt, of Winnipeg, who is representing the Western Wheat Pool organization, and who will now speak to us.

Mr. P. F. BREDT: Mr. Chairman, Gentlemen, I am glad to have an opportunity to present the views of the three western pooling organizations, those for Alberta, Saskatchewan and Manitoba. We are indebted to the Chairman of this Committee, who indicated in an exchange of telegrams that you would be pleased to hear our representations. Some time ago the Board of Canadian Co-operative Wheat Producers, which is made up of the three organizations previously referred to, forwarded a resolution, but I think it was sent to the wrong address. It went to the Hon. Mr. Stevens, the Minister of Trade and Commerce, but I suppose it has found its way to this Committee. I should like to read this resolution and then, with your permission, elaborate on a few points. It is:—

Whereas the suggested amendment to the Canada Shipping Act would prevent transshipment of Canadian grain through Buffalo or other American lake ports except in Canadian vessels, and

Whereas it is essential in the best interests of Canada that no avenue of outlet for our grain should be closed, and

Whereas the passing of this amendment would result in restrictions of trade through inability to take advantage of possible lower ocean freights at Montreal or Quebec on all Canadian grain stored in Lake Erie American ports, and

Whereas it would also have the effect of creating a virtual monopoly on freights to Montreal, which might react seriously against us in the world's markets,

Therefore be it resolved that we, as representatives of a large percentage of Western Canadian producers, protest strongly against legislation which will in any way interfere with the normal movement of our grain.

I want to say at the outset that I am not an expert on shipping or exporting of grain, much less on the tariffs and fees which are charged for the services

rendered, and I do not wish to be drawn into any technical discussions about rates or fees or amounts of tonnage. But we are vitally interested in the broad principles connected with this proposed legislation and with the effects which it might have on Canada's ability to continue to compete in the markets of the world, as well as the effect that it might ultimately have on the price paid to the producer.

Hon. Mr. SHARPE: What proportion of the grain of the West did the three pools handle last year?

Mr. BREDT: You are no doubt aware that at the present time the pools, as pools, do not exist. The pools handle the grain just the same as any other line elevator company. We do operate a comparatively small voluntary pool, but the contract is not now operative. There are considerable numbers of our old members who still take advantage of the opportunity to pool their grain.

Hon. Mr. SHARPE: Could you give us any idea of the proportion that you handled last year?

Mr. BREDT: You mean just handled in the usual way?

Hon. Mr. SHARPE: Yes.

Mr. BREDT: It would be between forty and forty-five per cent, that is the three pool elevator organizations.

Right Hon. Mr. MEIGHEN: Have you seats on the Grain Exchange now?

Mr. BREDT: Yes, the three organizations have seats on the Grain Exchange.

We hedge our grain. There has been quite a lot of newspaper comment about hedging by Canadian Co-operative Wheat Producers Limited, and the three organizations now hedge their grain in exactly the same way as Line Elevator companies.

During the season of lake navigation most of the wheat moves east by water to Montreal, Sorel and Quebec, or later to the Bay ports and to Buffalo. Exporters use the Georgian Bay ports and Buffalo to store large quantities of grain, particularly during the fall months while they can still take advantage of low cost water transportation. Then in the winter this grain is used to meet the export winter requirements and it is then shipped from the Bay ports to Maritime ports and from Buffalo to United States Atlantic seaports, such as New York, Philadelphia and Baltimore. Buffalo, on account of its strategic geographical situation, has the added advantage that when navigation is open grain may be shipped not only to the United States Atlantic seaports but also via Montreal if the rates are attractive. It is agreed by all handlers of grain that Buffalo is a very good position, is a very good place to have grain in store. We are afraid in the West that this proposed amendment would tend to restrict lake competition to this important point, and this competition from the producers' standpoint is absolutely essential. Its elimination is bound, in the last analysis, to increase rates, regardless or in spite of any assurance that may be given to the contrary. And any increase in rates will finally react against the Canadian producer. Canada is the world's largest exporter of wheat, and in order to continue to export our surplus of wheat we must be in a position to compete in this most highly developed competitive trade.

Being an exporter and having to compete with other exporting countries, it is impossible that any increase in rates could be added to the selling price, because that would bring the Canadian price out of line, would make it non-competitive, and sales would be lost. And in the final analysis—this is what we are afraid of—the difference to allow for the increase in rates would have to be deducted from the price paid to the producer. Under present circumstances I do not think that there is anyone who would suggest that the Western producer should be asked or could be asked to pay a cent, or even a fraction of a cent, more for the carriage of his grain. In the final analysis the price that he would

receive would be less than a cent, or fraction of a cent, whatever it may be, than the rates were increased by. Now, the returns which he receives now are the most meagre, the most beggarly, he ever got. Western agriculture is in a desperate condition. The price of wheat has reached unprecedentedly low levels. On December 16 last it established an all-time low record of 38 cents per bushel, basis Fort William. That was not the closing price of the day, but it was a price that was reached during the session. Fifty-cent wheat, Mr. Chairman, on the basis of No. 1 Northern Fort William, means 35 cents or less net to the producer, depending on the quality of the grain. Under the circumstances we feel that absolutely nothing should be done which would tend to decrease returns to producers and thereby still further decrease their purchasing power.

Opposition to this amendment under discussion should not be misconstrued or misinterpreted to mean that Western producers are hostile to or opposed to the welfare of Canadian shipping interests. On the contrary, all conditions being equal, we are in favour of and willing to support and assist in any way the Canadian shipping industry. On the other hand, we cannot and should not be expected to divert grain away from channels which offer natural and legitimate advantages. Western agriculture is not in a position, nor can it afford, to make sacrifices on behalf of any class or section of Canadian citizens. Canadian grain should always be allowed to find its most favourable natural outlet. Of late years shipments out of Vancouver have increased very materially, and if in the years to come Churchill on the Hudson's Bay should offer a more advantageous outlet, Western grain will undoubtedly flow that way. Any measure tending to limit or restrict or make more difficult the natural flow of Canadian grain to the world's markets is not in the best interests of the Dominion as a whole. If the passing of the amendment finally means an increased burden for the Western producer, it will prove an additional factor towards retarding recovery.

Right Hon. Mr. MEIGHEN: I do not want to interrupt you, Mr. Bredt, but I should like to have all your time devoted to the point that I know is uppermost in our minds. I think the Committee will agree with the general principles you are laying down, but there is an important question of fact. You were here, I suppose, this morning?

Mr. BREDT: For a while this morning.

Right Hon. Mr. MEIGHEN: You probably heard the argument this morning that with the Buffalo route remaining open, with every facility for American competition through the Buffalo route, to say nothing of the Vancouver and Hudson's Bay routes, the element of competition would remain to the full, even though this definition of coastwise shipping prevails. And it was contended this morning that if that full competition remains, the proposed change in the law could not result in an increase in rates. Will you let us have your argument to show why you think it would result in an increase in rates?

Mr. BREDT: It is very difficult, of course, to state definitely that it would mean an increase in rates. I heard a gentleman this morning enumerate various factors which he said would tend to keep rates in line, such as the lake competition, the Vancouver route, the Churchill route and the New York route. We had a rather illuminating experience last year in connection with the supposed competition on the lakes. Those rates for grain, I might say by the way, are under the control of the Board of Grain Commissioners, who are furnished with information by the ship owners and have authority, according to the Act, to prescribe rates. On July 10 last year the rate from the head of the lakes to Montreal was $4\frac{1}{2}$ cents. The Associated Lake Freights Limited was organized, on July 11 and on that date the rates were raised a quarter of a cent to $4\frac{3}{4}$ cents. I wish to enlarge upon that. We consider that there is no competition on the lakes so far as Canadian vessels are concerned, but that they are in a combine. For your information I want to give the following

figures, which support this contention. On July 28 the rate was raised to 5 cents; on August 16 to $5\frac{1}{4}$ cents; on August 21 to $5\frac{1}{2}$ cents; on August 26 to $5\frac{3}{4}$ cents; on September 1 to 6 cents; on September 11 to $6\frac{1}{4}$ cents, and so on, to October 1, when it was 7 cents. I do not profess to know the reasons why rates are increased, but looking at it simply in a common sense way, I would say that there must have been some tremendous demand for tonnage that caused the price to go up. We know there was not.

Hon. Mr. GRIESBACH: Might not the weather in the fall of the year have something to do with it?

Mr. BREDT: It is rather remarkable when it keeps on for more than three months. There might be an increase in the rates when it comes to the end of the shipping season, when ice conditions warrant it.

Right Hon. Mr. MEIGHEN: Did the rates on American vessels increase with these rates?

Mr. BREDT: I am not in a position to say whether they did or not, but I would be of the opinion that they would take the same rise, that there must have been a general agreement.

Hon. Mr. BALLANTYNE: Inasmuch as you get free elevator service at Fort Churchill, would it not be cheaper to ship by Hudson Bay?

Mr. BREDT: At the present time the pools are not in a position to take advantage of the terminals at Hudson Bay, and members of the Committee may be aware of the fact that the terminal at Churchill has been leased by one of the big American exporting firms.

Right Hon. Mr. MEIGHEN: It is open to you still?

Mr. BREDT: The Saskatchewan pool elevators have supplied the bulk of the grain that was shipped to Churchill.

The CHAIRMAN: I am not going to question your figures, but it appears to me that the increase may be just the same as it is in trans-Atlantic shipments. When winter comes on there is an increase in rates on the ships of every nation.

Mr. BREDT: I am simply pointing out that this started on the 10th of July, kept up during August and September, and that there was absolutely nothing done until October 11, when the three provincial premiers and the representative of the pooling organization had a conference and registered a strong protest. It should be said in fairness to the Board of Grain Commissioners that we were advised at the time that they had the matter under consideration, because the Board of Grain Commissioners is the body which has the right to regulate these rates. We contend that the increase in rate was absolutely unjustified, for this reason—

Hon. Mr. SHARPE: Did the Board of Grain Commissioners consent to this rise in price?

Mr. BREDT: They had to be paid.

Hon. Mr. SHARPE: Did they consent to it?

Mr. BREDT: They knew of the rise.

Hon. Mr. SHARPE: They must have consented, then.

Mr. BREDT: If silence gives consent, I suppose they consented. The point I want to bring out is what happened to the price of wheat at that very time when these increases were going on successively every ten days or so.

Hon. Mr. FOSTER: One would not have any connection with the other, though. Wheat might have gone up at that time.

Hon. Mr. GRIESBACH: Is this the first year in which these rates were increased in that fashion?

Mr. BREDT: In that fashion, yes, in this particular way that every week or ten days they were jacked up a quarter of a cent.

Hon. Mr. GRIESBACH: Previously that had not happened?

Mr. BREDT: There have been changes in rates, but it was never done in this way.

Hon. Mr. DANDURAND: Were those prices in effect on shipments to Buffalo at the same time?

Mr. BREDT: I am not in a position to say. I have no definite information on that point. But I would like again to point out to the Committee that I am a producer, a farmer; I happen to be one of the elected representatives of the farmers of Manitoba, and while I am not a technical shipping man I know that these figures were supplied to us and are correct.

Right Hon. Mr. MEIGHEN: Did you make any complaint to the Grain Commissioners?

Mr. BREDT: We got in touch with them in October.

Right Hon. Mr. MEIGHEN: You were pretty slow. It started in July.

Mr. BREDT: It started in July, but nobody expected that it would be continued, and possibly it was realized and acknowledged that the $4\frac{1}{2}$ cent rate was a distress rate.

I was asked by a gentleman present what would be a fair rate. I am not in a position to say that.

Hon. Mr. CASGRAIN: You know what rates were years ago. They went down to 8 cents, 9 cents.

Mr. BREDT: Yes, but I want to put again before the Committee the position of the producer. At this time when the rates were going up—and they were increased by $2\frac{1}{2}$ cents from July 11 to October 1—on July 10, October wheat—and all prices are for the October option—was worth $56\frac{3}{4}$ cents. By the 28th it had increased to $61\frac{5}{8}$ cents, so there might have been some justification for that increase to 5 cents in the rate. The producer received more for his grain, and therefore the shipping companies might be entitled to get something more for the carrying of that grain. But from July 28, when wheat was $61\frac{5}{8}$ cents, until October 1, when it dropped to $49\frac{1}{4}$ cents, there was a decrease of over 12 cents, or twenty per cent in the total price of the grain; and at the same time, while our product was going down into the cellar, so far as price was concerned, the charges were actually increased from 5 cents on July 28 to 7 cents in October, or, in other words, by forty per cent.

Right Hon. Mr. MEIGHEN: Of course you cannot possibly legislate to make the rates on the lakes correspond with the price of grain. You could not possibly give effect to it.

Mr. BREDT: I will agree to that.

Right Hon. Mr. MEIGHEN: You carried that up to October, and it was in October that you made your appeal to the Board. As I understand it, you got relief?

Mr. BREDT: The rate was reduced, voluntarily, I understand, to $6\frac{1}{2}$ cents.

Right Hon. Mr. MEIGHEN: Did you complain of that rate being too high, and ask for a hearing?

Mr. BREDT: We did not complain of the $6\frac{1}{2}$ cent rate, because in the years gone by we have realized that it does not get us very far to complain about rates.

Hon. Mr. STANFIELD: What is the use of your Grain Commission, then?

Mr. BREDT: The point I would like to make is that we are not unreasonable.

Right Hon. Mr. MEIGHEN: No, but you have said that you did not ask for better rates, because in the past you found it was no use. Do you complain that you were treated unfairly by the Board?

Mr. BREDT: Oh, no.

Right Hon. Mr. MEIGHEN: Then I do not think you should have reflected on them.

Mr. BREDT: I did not reflect—I did not mean to reflect—upon the Board of Grain Commissioners in any way; speaking generally we have found it a very uphill job to get any change so far as rates are concerned from any rate control body. In this particular case it is simply an indication that we are prepared to pay fair rates; but when the price of our product keeps going lower and lower, I think there should be a sharing of that burden by all interested parties.

Hon. Mr. CASGRAIN: The expenses of the ship are the same.

Mr. BREDT: I do not doubt that for one minute, but I would like to say this: Compared to the trouble that western agriculture finds itself in to-day the troubles of the Canadian shipping interests pale into insignificance. We are certainly carrying on under distress rates.

Hon. Mr. BALLANTYNE: How do the rates by the St. Lawrence route compare with the Hudson Bay rate? The Hudson Bay route is five hundred miles shorter. Isn't it cheaper?

Mr. BREDT: Unfortunately, it is not. There may be certain reasons, but at the present time an 18-cent freight rate point in Manitoba, located in the north-western corner of the province, has an 18-cent rate per hundred to Fort Churchill also, and that is the reason why most of the grain that has gone to Fort Churchill has been shipped out of central northern Saskatchewan, where the Fort William rate is from one to three or four cents higher than the rate to Churchill.

Right Hon. Mr. GRAHAM: Why would the terminal at Fort Churchill be leased to an American company?

Mr. BREDT: I am not in a position to answer that.

Hon. Mr. BALLANTYNE: Is it not a fact that there are no elevator charges at Churchill?

Mr. BREDT: I understand that is correct.

Mr. BALLANTYNE: If there are no elevator charges, and it is a shorter route—

Mr. BREDT: You realize that so far as railway haul is concerned it is about the same. There has been difficulty in getting boats into Fort Churchill, and at the present time insurance rates are prohibitive. That is one of the reasons why, in previous years, there was an agitation in the West to have the Government take over the insurance until the route was established.

Hon. Mr. STANFIELD: In time of distress did the elevators reduce their prices at all?

Mr. BREDT: There was a reduction just this last fall in the storage charges on grain. The charge was reduced from one cent per bushel per month to two-thirds of a cent per bushel per month.

Hon. Mr. CASGRAIN: That is on storage.

Mr. BREDT: That is on storage all the year around, regardless of whether it is for ten days or ten years, summer or winter.

Hon. Mr. McRAE: Is the Committee to understand that the pools are not satisfied with the Grain Board so far as lake rates are concerned?

Mr. BREDT: No. If I gave that impression I certainly want to have an opportunity to retract that statement. There was no intention or desire on my part to leave the impression that we were complaining about the Board of

Grain Commissioners, because, as has been pointed out, we did not make a complaint. We could have made the complaint earlier, and could have registered a complaint after the rate was reduced to 6½ cents.

Hon. Mr. McRAE: Then, going a step further, so far as the control exercised by the Grain Board is concerned, it is satisfactory to you?

Mr. BREDT: It is satisfactory, but I would say this: That any rate control body moves slowly—it is tedious and cumbersome work—and there is no doubt that the shipping interests would be in a much better position to make their representations, and to continue to make representations to this body, and they can make out a very good case. On the other hand, the producers, being many and being scattered all over the Western Prairie Provinces, are not in as favourable a position to make representations, and even when we do make an objection, do raise a protest, it is a long and slow process to work through the hearings until it is finally decided that a rate is too high or too low.

Right Hon. Mr. MEIGHEN: It was all decided within one month, in October.

Mr. BREDT: Yes, I admit that, and as I understand it there was not even a definite request made nor an order by the Board. The rate was reduced voluntarily. The position we take is this: Let this automatic control, which works through competition, go ahead.

Right Hon. Mr. MEIGHEN: We certainly want that.

Hon. Mr. DANDURAND: You made one important statement. You said that competition among the Canadian companies was removed through the organization of the association in July.

Mr. BREDT: According to all the information that we can get upon the subject, so far as the various shipping companies that were operating on the lakes are concerned, they are now one.

Hon. Mr. DANDURAND: Does that cover the Americans as well as the Canadians?

Mr. BREDT: No, only the Canadians. But there are gentlemen in the room here who can give you a great deal more information on that than I can.

Hon. Mr. GRIESBACH: Did I understand you to say that you thought the freight rate should fluctuate with the price of grain?

Mr. BREDT: No, I don't want to leave even that impression.

Hon. Mr. GRIESBACH: Would the fact that freight rates this year are lower than they have been for years—

Mr. BREDT: Would you not consider it quite reasonable with wheat at 50 cents a bushel, to say that a freight rate of 6 or 6½ cents is still not in line compared to a rate of 8 or 9 cents when wheat was three times the price?

Hon. Mr. GRIESBACH: Assuming that the farmer is losing money on growing wheat at that price, and the shipowner is losing money carrying it at that price, I thought you were going to say that the freight rate should fluctuate with the price of wheat. Then the next question would have been: How far should it go when wheat went up? Would the shipowner recoup himself?

Mr. BREDT: If he ever has an opportunity to recoup himself—

The CHAIRMAN: As a matter of fact you can hardly establish carrying charges on anything but the cost of that item.

Mr. BREDT: I agree with that.

Right Hon. Mr. MEIGHEN: Your company is operating elevators?

Mr. BREDT: Yes.

Right Hon. Mr. MEIGHEN: And you charge two-thirds of a cent now where the charge was one cent before?

Mr. BREDT: Yes.

Right Hon. Mr. MEIGHEN: Is it not a fact that the lake rates in effect since the low price on wheat came in during the depression have gone down far more than the thirty-three per cent by which you have reduced the elevator charges?

Mr. BREDT: Besides that reduction, there was also a reduction in what is called the street spread, by one cent per bushel.

By Right Hon. Mr. Meighen:

Q. But take them all in, would they compare with the reduction in the lake freights? They would not be comparable?—A. A reduction from nine cents, which was mentioned, to six cents is only thirty-three per cent.

Q. They went down to four and a half cents?—A. But they came back up again, and they came up quicker.

Q. They went down a lot sooner than you reduced the elevator charges.—
A. The price was lower.

By Hon. Mr. Dandurand:

Q. You may have no ships to carry your grain?—A. I would say this, that if this is an intimation that Canadian shipping companies will go broke—to use a slang expression—that they will be bankrupt, that none of them will be able to compete with the United States shipping organizations, it would almost suggest there was something wrong with the management, that there was inefficiency, over-expansion. Personally I have no fear that all Canadian shipping companies will go out of existence, at least not before all farms have gone out of existence, because the time is very close at hand when we in the West will not be able to carry on. We are now eking out an existence. The production cost of a bushel of wheat was mentioned by one gentleman. The last figures that were submitted to the Committee of Agriculture in Manitoba by the Board of the United Farmers in Manitoba gave the cost as seventy-eight cents a bushel. In that compilation I am of opinion that they over estimated the yield, which they put at twenty bushels an acre, and that they under estimated the mortgage carried on a quarter section farm, namely, \$2,000. Now, seventy-eight cents is the cost of production, and at the present time we are selling it for around fifty cents a bushel, and then it must be first-quality wheat; if it is a lower quality it will be less. That is the price at Fort William, and the net price is from fifteen to twenty cents a bushel lower. So if any section of the community is carrying on under distress conditions, the farmers of the West are certainly in that class.

By Hon. Mr. Ballantyne:

Q. Mr. Bredt, if this Act went through do you claim it would increase freight rates?—A. There is the danger as we see it. We may be wrong.

Q. It does not interfere with any of the privileges you now have of shipping from Buffalo?—A. But it does away with the competition of American vessels. We are not concerned about American vessels. As I said before, we are in favour of using all-Canadian interests.

By Hon. Mr. Foster:

Q. You complain about the freight rates, and you want Buffalo to remain open, to be as free as the air, in order that you may get the advantage of this American shipping competition. Why did the American shipping competition not enter into it at the time you complained of the rates, just as it would afterwards?—A. I am not in a position to state why they did not enter into it. I was asked the question as to what factors were considered to contribute to the rate making, and one of the factors that had been stated here before was the competition on the Great Lakes. It did not exist. Now, if this amendment goes through, and this combine, as we look upon it, is still further protected,

there may be a gentleman's agreement between the Canadian combine and the American shipping interests, but we would certainly prefer to see nothing interfere with that free movement of grain to Buffalo, to leave it just as it has been in the last few years.

By Right Hon. Mr. Meighen:

Q. Mr. Bredt, I do not know whether there is a combine, but if there is one it is the most inefficient I have ever known, for to my personal knowledge most of them are broke.—A. Possibly they were broke before they went into the combine.

Q. They were pretty close to it, I guess.

By Hon. Mr. Foster:

Q. Do the elevator pools you represent own an elevator at Buffalo? Have you an investment there?—A. No, we have no investment at Buffalo. The Saskatchewan Pool Elevators took over an elevator when they purchased the elevator facilities from the Saskatchewan Co-operative Elevator Company.

Q. So therefore you have an elevator at Buffalo?—A. There is a pool terminal at Buffalo, yes.

Q. Do you have any on the Georgian Bay side?—A. No, we have not.

Q. Have you any at any other point in Canada east of Port Arthur or Fort William? A. The Alberta pools have terminals at Vancouver, of course.

Q. I mean east of Port Arthur or Fort William?—A. No.

Q. We are talking of eastern movements.—A. The Saskatchewan pool would not be owning a terminal at Buffalo if it had not been previously built by the organization from which they bought their line of country elevators.

Q. As a matter of fact you have an elevator there.

By Hon. Mr. Dandurand:

Q. Can you tell me if the rate for the carriage of wheat from Duluth to Buffalo has been comparing fairly equally with the Canadian rate from Fort William down to Buffalo?—A. I am sorry I am unable to answer that question.

Q. I put the question because it would interest me to know if there is not a competitive figure there that could always be appealed to to judge as to the fairness of the Canadian rate.

By Right Hon. Mr. Meighen:

Q. Mr. Bredt, it is pretty serious to allege a combine. Several other things you have urged recently of very great moment to the Committee. If someone is called to answer, I wish you would question him right on the spot, and so let us get to the root of the matter. We want to know whether this is really eliminating essential competition, or any competition. If it is really going to re-act on the farmer, we do not want to bring it about. Consequently when we get evidence as to the actual facts, if you dispute them I wish you would question the witness, and see if we cannot get to the root of it right here. We have had strong arguments on the representations, and questioned them closely, indicating the same elements of competition will be present as were present before. Surely, if that is the case, we do not want to handicap our shipping as compared with American shipping. Undoubtedly it is handicapped to-day. The Committee might be inclined to handicap it still more if it would result in better rates to the producer, but if not we do not want to tie the hands of our shipping interests while the American shipping interests will not allow our boats to enter their coasting trade. We should like to do something similar to benefit our shipping interests without prejudicing the producer?—A. The

stand we take in that connection is that we would much prefer to endeavour to get these reciprocal relations, or the same advantages for our Canadian ships that the Americans now enjoy.

Q. From every endeavour I have made or witnessed, I have come to the conclusion that we shall be pretty old before we get anywhere on that line. They will not allow any of our vessels reciprocal advantages, I do not care how you struggle or how long. That is just a mirage.

Hon. Mr. GRIESBACH: That is quite out of the question.

The CHAIRMAN: If there are no further questions to be asked Mr. Bredt, I should like the Committee to sit for a short time until we hear Mr. Enderby.

Hon. Mr. GRIESBACH: Will you ask Mr. Bredt whether he is going to remain until we get other witnesses here?

The CHAIRMAN: Will you be here to-morrow, Mr. Bredt?

Mr. BREDT: Yes.

Right Hon. Mr. MEIGHEN: There will be others supporting your side, Mr. Smith and some other grain men are coming down.

The CHAIRMAN: Thank you, Mr. Bredt, for the present. Now, Mr. Enderby.

T. R. ENDERBY, re-called, testified as follows:

Mr. Chairman and gentlemen, I should like to confirm and, in some particulars, correct the rates that Mr. Bredt gave you. The rate did not go only to four and a half cents, it went to three and a half cents.

By Hon. Mr. Griesbach:

Q. In what year and month?—A. July, 1932. That was the direct result of a fight between the American boats to Buffalo and the Erie Barge Canal operators and the Canadian operators. Mr. Bredt's figures are the soundest claim that that route is the real competition and the one that sets the rate on grain moving across the lakes. The rates did go up, not to seven cents, but to six and a half cents, and I should like to remind the Committee at this time that when thinking of a grain rate in cents, or fractions of a cent, there should be a primary deduction of one and a half cents made from the rates Mr. Bredt quotes.

By Right Hon. Mr. Meighen:

Q. Why so?—A. That is for loading charges at the head of the lake, inspection, overtime charges, transfer charges at the transfer elevators en route, and unloading charges at Montreal.

By Hon. Mr. Griesbach:

Q. Which the ship does not get?—A. Which the ship takes out of its freight rate.

Q. All right, does not get it.—A. Does not get it. So when you are talking of a three and a half cent rate, you are talking of a rate which is a two cent rate net to the ship. The ship carries the grain 1,250 miles for two cents a bushel. We submit that neither the three and a half or the six and a half cent rate is a paying rate for the Canadian or American ships, and if the business had gone on at three and a half or four and a half cents the Canadian steamship lines, which are all either in bankruptcy, or on the verge of bankruptcy, would have been finished last season.

Another point, I think Mr. Bredt overlooked it, is that when the Canadian crop starts to move, as it does spasmodically, at the opening of the season, and the business peters out and again comes into evidence in the fall, around

September 15th, the Canadian ship owner is expected to provide the utmost facilities. When the grain business disappears, for some reason unknown to the ship owner, as it did on October 15th last year, the ship owner is left with that tonnage and those facilities on his hands to do as best he can with in other trades, which just at present do not exist. While we are sympathetic with Mr. Bredt and the grain growers, in every way, there is no more combination among the Canadian shipping companies on the lakes, or nearly as much, as there is among the wheat producers with their pools.

By Hon. Mr. McRae:

Q. Mr. Enderby, could you give us a little more information with respect to the members of your association? As one member of the Committee I should like a list of the shippers who are engaged in the coastwise trade, the number of boats and the tonnage in the business, so we can determine for ourselves whether such a thing as a combination would be possible?—A. We shall be very glad to have that list prepared for you, sir.

By Right Hon. Mr. Meighen:

Q. Can you tell us right on the point emphasized by Mr. Bredt why did those rates go up from three and a half to six and a half cents that fall?—A. For the simple reason that if they had not gone up every steamship line on the lakes would have been bankrupt, they would have been unable to meet their coal bills.

Right Hon. Mr. MEIGHEN: Why did not American competition tend to keep them down?

Mr. ENDERBY: The American boats were not running, they quit cold.

Right Hon. Mr. MEIGHEN: They did not quit at your request, did they?

Mr. ENDERBY: No, they did not quit at our request.

Right Hon. Mr. MEIGHEN: They do not do those things.

Mr. ENDERBY: There is no gentleman's agreement in the shipping business.

The CHAIRMAN: You say there is nothing that savours of a combine in that circumstance?

Hon. Mr. DANDURAND: Was there any agreement?

Mr. ENDERBY: There was an agreement between the Canadian vessel owners to endeavour to get the rate up to where they could get their living expenses out of it.

Hon. Mr. McRAE: That accounts for the advances.

Mr. ENDERBY: Yes. Even at six and a half cents there is no money in the rate for any Canadian Steamship Company, or any American steamship company. When steamers have to lay around at the discharge port for four, five, ten or fifteen days, there is no money in a six and a half cent rate. If our friends of the pool or anyone else would give us a fair lot of business over any period of years we would be glad to give them a contract for six and a half cents for as long as they want, the same as the Canadian Steamship companies give the milling companies; but if we are to be called upon to take all the slack out of this system, if we are to be the buffer in the transportation of grain across the lakes, it would be impossible for us to do that at six and a half cents.

Just one other remark on what Mr. Bredt had to say. He talked of the grain producers of Alberta, Saskatchewan and Manitoba. The ship owner's conception of the grain producers for whom he does business across the lakes terminates at a line drawn through the centre of Saskatchewan. The other country is tributary to Vancouver, and they compete with us very vigorously for that business. There is no thought, neither is there any possibility of closing any avenue of any kind to the egress of the Canadian grain to the world markets.

All the Canadian ship owner is asking you gentlemen to consider is that grain moved from the head of the lakes to Montreal shall move in Canadian ships all the way, and so enable us to get a little bread and butter, to be ready to move the Canadian crop when it does materialize in the early spring and the late fall, to allow us to live so our friends the grain producers will not be thrown into the hands of the American shipping companies, which, despite our friend's statement, is a very prominent danger that is always with him.

Hon. Mr. DANDURAND: If under this Bill we eliminate Buffalo, then the main question is to be settled between you and the producer, that is, the question of rate can only be supervised and determined fairly by the Board of Grain Commissioners.

Mr. ENDERBY: Yes, sir.

The CHAIRMAN: Mr. Bredt, have you any question you would like to ask Mr. Enderby?

Mr. BREDT: I am not a lawyer, only a farmer. The first point that was brought out in this discussion was the fact that it was American competition which brought that rate down so low. So temporarily the producer got that advantage due to that American competition. Mr. Enderby makes the statement also that if those rates had continued the companies would all have gone bankrupt.

Right Hon. Mr. MEIGHEN: Before you get to that point, Mr. Enderby says that that very same competition which resulted in reducing the rates would exist just the same after the passing of this legislation as before. I cannot see why it would not. What do you say to that?

Mr. BREDT: Frankly, we are afraid that that would not be so. If Canadian vessels only are to handle all shipments from the head of the lakes to Montreal, if American vessels will not be allowed from now on to take grain to Buffalo and there transfer it to other American vessels to take it to Montreal, we are afraid that the absence of that competition will tend to raise the rates.

Right Hon. Mr. MEIGHEN: How would it do that if you can ship the other way just as easily? There must be an argument that it would tend to more grain going to New York, but so long as there is an unhampered competition there, which is the controlling competition, how could it tend to raise the rates?

Mr. BREDT: Well, I must point out again to the Committee that I am not in a position to handle the case like a lawyer.

Right Hon. Mr. MEIGHEN: Oh, yes, you are pretty good.

Mr. BREDT: The point is that under present difficulties that are in the way in connection with the 6 cents preference on grain to the United Kingdom, it would appear that all grain must go through Canadian ports to get that preference.

Hon. Mr. GRIESBACH: That is independent of this legislation.

Mr. BREDT: Yes, I admit that.

Right Hon. Mr. MEIGHEN: And it must not go via Buffalo at all. Therefore it is altogether a business for Canadian boats now.

Hon. Mr. SHARPE: Mr. Enderby has stated already that it was through companies that the figure was raised last fall.

Right Hon. Mr. MEIGHEN: But this Bill was not passed then.

Hon. Mr. SHARPE: I know. And this Bill will cut out the American vessels.

Right Hon. Mr. MEIGHEN: I admit that they can raise the figure, as far as they are able to do so in the presence of American competition. They have been able to do that and they could do it after the passing of this Bill, subject to the control of the Grain Commission.

Hon. Mr. SHARPE: Which does not control.

Right Hon. Mr. MEIGHEN: So far as competition is concerned, what is the difference between the present situation and the situation that would follow the passing of the Bill? I cannot see any difference at all.

Mr. BREDT: Then, why change the Act?

Right Hon. Mr. MEIGHEN: Because it transfers business to Canadian boats. But after these boats get that business they still have to compete with other routes in the matter of rates.

Mr. BREDT: We can ship grain from United States Atlantic ports to the Continent, but grain can be shipped from Montreal both to the Continent and to the United Kingdom. I may be dense, but I still can see a danger that the elimination of competition by American vessels going from the head of the lakes to Buffalo would have a tendency to bring about an increase in rates charged by Canadian boats. This morning when I came in I heard a statement by one gentleman that if all our Canadian grain could be transported in Canadian vessels, they would be in a position to give lower rates. Human nature being what it is, I am just a little doubtful.

Right Hon. Mr. MEIGHEN: So am I, Mr. Bredt. But if they have the business, then we have to rely on the Grain Commission or some more effective body, because we never could permit a combination to control the rate. If you would impeach the Grain Commission successfully we could say, "We must get some other body." But you do not impeach the Commission. If they are a competent tribunal, surely we can depend upon them.

Mr. BREDT: In years gone by there was no necessity for any board to adjust the rates; they did adjust themselves.

Right Hon. Mr. MEIGHEN: But with evolution the units get bigger and there has to be control.

Mr. BREDT: That answers the question, then, that we must have a rate control body?

Right Hon. Mr. MEIGHEN: Yes, because there may be conditions when the controlling competition is extinct for a time. But the point I would like you to answer is this, how the passing of the Bill would tend to increase rates. Mr. Sidney Smith will be here to-morrow, and we shall see whether he can convince us that an increase would result.

The Committee adjourned until to-morrow, Wednesday, April 5, at 10.30 a.m.

THE SENATE OF CANADA



PROCEEDINGS

OF THE

STANDING COMMITTEE

ON

BANKING AND COMMERCE

ON

BILL J—An Act respecting Shipping in Canada

No. 2

The Honourable FRANK B. BLACK,

Chairman

WITNESSES:

Mr. Sydney Smith, representing the Winnipeg Grain Exchange.

Mr. P. F. Bredt, Winnipeg, Manitoba, representing Alberta, Saskatchewan and Manitoba Pool Organizations.

Mr. George Donovan, representing the Union Transit Company, The Foote Transit Company, Limited, and the Lake Steamship Company, Limited.

Mr. A. L. W. MacCallum, Montreal, Quebec, representing the Shipping Federation of Canada.

Mr. Roy Wolvin, Montreal, Quebec.

Mr. Leslie Boyd, representing the Bay Port Elevators.

Mr. Gordon P. Campbell, representing the Morris Grain Company, Limited, of Winnipeg.

Mr. Jean St. Germain, representing the pilots of the Montreal district.

Capt. G. E. Robertson, Director of Pilotage, Department of Marine, Ottawa, Ontario.

OTTAWA

J. O. PATENAUDE, ACTING KING'S PRINTER

1933

STANDING COMMITTEE ON BANKING AND COMMERCE

The Honourable FRANK B. BLACK, Chairman

The Honourable Senators:

Aylesworth, Sir Allen.	Horsey.	Riley.
Ballantyne.	Hughes.	Schaffner.
Beaubien.	King.	Sharpe.
Beique.	Laird.	Sinclair.
Black.	Lemieux.	Smith.
Brown.	L'Esperance.	Stanfield.
Casgrain.	Little.	Tanner.
Dandurand.	McGuire.	Taylor.
Dennis.	McLennan.	Tessier.
Fisher.	McMeans.	Webster.
Foster.	McRae.	White (<i>Inkerman</i>).
Gordon.	Meighen.	White (<i>Pembroke</i>).
Graham.	Murphy.	Wilson (<i>Rockcliffe</i>).
Griesbach.	Planta.	Wilson (<i>Sorel</i>).

THE SENATE,

WEDNESDAY, April 5, 1933.

The Standing Committee on Banking and Commerce, to whom was referred the Bill J, intituled: "An Act respecting Shipping in Canada," resumed this day at 10.30 a.m.

Hon. Mr. Black in the Chair.

The CHAIRMAN: Honourable members, we have here this morning Mr. Sidney Smith, representing the Winnipeg Grain Exchange.

Hon. Mr. FOSTER: Mr. Chairman, before we hear from Mr. Smith I would like to make a short statement to the Committee. I am sure that none of us want this inquiry to develop into a grain inquiry. We are dealing with shipping through the Bill that is before us. The shipping industry is a success, and if it is not helped I believe it may be compelled to come to the Government and ask for subsidies of some kind to enable it to carry the grain crop of Canada. Now, I am sure we do not want a situation like that to develop.

I think it goes without saying that the East is not unsympathetic towards the farmers of the West. The gentleman who spoke for the Pools yesterday referred to the dire distress of the growers. Now, if we will just follow the movement of grain from the grower down to the Canadian seaboard, I think we will find that every industry which has anything to do with the handling of the grain is also in distress,—the railways, the shippers, the elevators, the Canadian ports and the longshoremen at those ports. I think this is an opportune time for us all to get together and endeavour to see what we can do to help all these industries, and to work in the best interests of Canada as a whole.

The representative of the Pool also told us that they handled about 45 per cent of the grain crop last year. Now, I do not think I am far astray when I say that about 100 million bushels of Canadian grain go through United States channels. In 1928 and 1929—I think those were the years; at all events, it was during a time when I was Chairman of the Harbour Commission at Saint John—we put about 32 million bushels of grain through the transfer elevators at the port of Saint John in one season. It has been stated that the American seaports have greater advantages because of the fact that they handle more shipping, but we found that when the grain came to Saint John in large quantities the ships came there for it, notwithstanding the fact that at the time there was not as great a surplus of shipping as there is at present.

As I say, probably 100 million bushels of grain from Canada go through Buffalo every year. Now, if we could divert 30 million bushels of that grain via Georgian Bay, think what it would mean to the Canadian shippers, railways, longshoremen and elevators. That quantity of 30 million bushels would mean 900,000 tons of grain. Figuring 40 tons to a car-load, that would be 23,000 car-loads, or in round figures about 500 train loads of grain. The movement of that large quantity would take place during perhaps four months of the year, so there would be an average of 125 trains of grain per month, or four full trains of 50 cars per train each day during those four months. The rate to the Canadian seaboard, as we all know, is the same. I ask honourable members who are interested in the grain trade to realize what this large movement would mean. Thirty thousand railway men who are out of employment in Canada to-day are in dire distress; the coal miners down in Cape Breton are starving, and the longshoremen at the port of Saint John and other ports are on the dole.

The car repair plants have had to have government assistance. I find that this question was investigated by the Railway Commission a few years ago, and this is what they said in regard to this diversion of grain:

The cash annually paid out to United States lake and rail carriers of Canadian grain would mean a great deal to Canada if paid throughout the year to Canadian railways; as it must be if the grain goes overseas through Canadian seaports in winter as well as in summer.

And then, on page 289:—

Of the four and a half million tons of grain which left Canada at Fort William in the past crop season to be carried overseas through United States seaports, Canadian railways had hauled it an average distance of over eight hundred miles. United States carriers earned over fifteen millions dollars in taking it from Fort William to the seaboard.

Surely, honourable gentlemen, there is something there that we should try to salvage for the Canadian people. I believe that our efforts should be directed along those lines. Surely there is a sufficient spirit of co-operation to bring this about without imposing any penalty on the grain growers. There will have to be some give and take on the part of all in order to accomplish this purpose. If we do not do something of this kind in an emergency to remedy the situation we will all go broke and will go down together simply because we have been unable to work together to keep our own traffic in Canadian channels.

Some HON. SENATORS: Hear, hear.

The CHAIRMAN: Now we will hear from Mr. Sidney Smith, who represents the Winnipeg Grain Exchange.

MR. SIDNEY SMITH (representing the Winnipeg Grain Exchange): Mr. Chairman and gentlemen, having learned through the papers sometime about the 15th of March that the Shipping Bill which was coming up before the Senate contained certain clauses which we thought very important, one particularly, to which I shall refer, we took the opportunity of sending a telegram to the Right Hon. Arthur Meighen, leader of the Senate, so that he might bring to the attention of the Committee, or of the Senate, the points that we thought important in regard to clause 12, which defines the coasting law, and which is to be found, I think, on page 3 of the Bill.

In view of what Senator Foster has just said, I should like in the first place to state that the Winnipeg Grain Exchange is not in any way in conflict with the general line of his remarks. We are entirely sympathetic with the Canadian boat lines in their desire to move all the grain they can, and we have no desire whatever to stand in the way of those who are trying in any way to prevent the use of other lines to the detriment of our own Canadian lines.

That is not the point we had before us. The point we have felt—and the export grain trade of Winnipeg, and of Canada, were unanimous, I think, in sending this telegram—

Right Hon. MR. MEIGHEN: Do you say they were unanimous?

MR. SMITH: Entirely unanimous in the export trade in Winnipeg.

Right Hon. MR. MEIGHEN: I have had two or three telegrams from those who say they have a lot of wheat in the Grain Exchange—

MR. SMITH: It is the unanimous report of the Export Committee. The Grain Exchange took the report of the Export Committee as being unanimous, and also the Council of the Grain Exchange, which adopted that report.

Right Hon. MR. MEIGHEN: All right.

MR. SMITH: The condition that we thought we were going to be up against in connection with the defining of the coastal laws under the paragraph I have mentioned, is simply that it would prohibit the transfer of grain at Buffalo. We are not exactly speaking of the desire to see Buffalo as a transfer point, but the conditions in the grain trade during the last three or four years have been such that we have had to sell grain in the markets of the world, in what we might call a buyer's market. We have had to compete in an article which is not easy to sell, an article which has been very hard to sell in competition with other people—that is in relation to price, not in relation to quality. The quality being taken into consideration we have to meet the other exporting countries in the markets of the world. In addition to that the grain export trade of Canada, through this difficult marketing in the markets of the world, has got into the position where it has to put grain in forward positions. I mean by that that it has to ship grain from Fort William on to certain positions, the Bay ports or Buffalo or the Atlantic seaboard, in order to have it ready to ship whenever a sale can be made. Very heavy stocks are carried at the Bay ports and the Atlantic seaboard ports. If it were simply a question of making a sale before we shipped from Fort William, we would know what our routes were going to be, and the cost; but it is impossible to tell, when we ship from Fort William, by what route we will send that grain to the seaboard. The business is so competitive that we have to keep costs to a minimum, and have to choose a certain route and figure out what we can do. It is all for immediate shipment. The Old Country does not buy ahead for future shipments, therefore it is the custom to send grain forward to these positions in order to be ready to divert it by whichever route may be cheapest.

In sending grain to Buffalo, we send it there intending to ship it from there via whichever route is cheapest. When we send to the Bay ports we have to send the grain by one route—in the open season of navigation, to Montreal; or in the closed season, to West Saint John or Halifax.

The point we have in mind is this. We do not want anything to interfere with our being able to use whatever may be the cheapest route to the seaboard. Everything being equal, of course we use the Canadian routes. We are not any more unpatriotic than the boat companies in that respect, or the railways either; we desire, as Canadians, to take our part in using the facilities that we have here. I mention this because of some talk that was made of myself, personally, having a desire to use Buffalo to the detriment of West Saint John and Halifax. As a matter of fact, I think the firm I represent shipped as much grain, if not more, than other firms did, through West Saint John. It is not a desire to neglect Canadian facilities that prompts this move, but a desire to keep competitive routes open; and everything being equal, the grain will flow, as far as the grain exporters of Winnipeg are concerned, through Canadian channels. But there are times when, through the use of the Erie Canal, it is possible to make a cheaper rate to the seaboard than by the St. Lawrence route in the open season of navigation. We want the privilege then of shipping that grain by the cheapest route, because we have to compete, as I have said, in the markets of the world and every fraction of a cent, no matter how small, does have an effect upon the sale price. I do not need to impress that point upon you; I am sure we all realize that.

Owing to the climatic conditions in Canada the lakes close for navigation sometime about the end of November. After that it is impossible to get anything from Fort William to the Atlantic seaboard unless we use the rail route, which is too high to compete with the water and rail route. So the custom is to send down a large quantity of grain to the Bay ports and Buffalo, to have it available to sell for export during the winter months. We want to be in the position that we can use any of the routes that are open. In sending grain to Buffalo, when

we get it there if we find we can at that time send it to Montreal and export it cheaper, we want that privilege. If, however, on the other hand, it is cheaper via the Erie canal in the open season of navigation, or if we can send it down at the close of navigation on the Erie canal so as to have it cheaper for export in the markets of the world, we want to do that.

The changing of the coasting laws, of course, will not prevent exporters of grain shipping grain to Buffalo and then by the Erie canal to the Atlantic seaboard. But when the grain gets to Buffalo, it seem to me that, seeing we are ready then to avail ourselves of the St. Lawrence route in the open season of navigation, it is really an advantage to Canadian interests to let that be available. Now, in 1931 there was 11,300,000 bushels of wheat shipped from Buffalo to Montreal, and of that amount according to the figures I was able to obtain, 11,000,000 bushels were carried in Canadian bottoms and only 300,000 in American bottoms.

Hon. Mr. GRIESBACH: Canadian wheat?

Mr. SMITH: Yes.

Hon. Mr. DANDURAND: Sent to Buffalo in bond?

Mr. SMITH: Yes. Because it was found cheaper, 11,000,000 bushels moved in Canadian bottoms and only 300,000 in American bottoms.

Hon. Mr. GRIESBACH: From where to where?

Mr. SMITH: From Buffalo to Montreal in Canadian bottoms.,

Hon. Mr. GRIESBACH: Why?

Mr. SMITH: Some of the boat men are here and they can correct me if I am wrong, but I think about 90 per cent of the canal tonnage transporting this grain from Buffalo is Canadian tonnage under Canadian registry. I think probably that is the reason.

Right Hon. Mr. MEIGHEN: I presume it moves mostly in American bottoms from Port Arthur to Buffalo?

Mr. SMITH: I was going to take up that point, Mr. Meighen. But I mention this other point to show that the transference of this grain from Buffalo to Montreal is largely, in fact almost solely, by Canadian bottoms.

Hon. Mr. GORDON: Was that in 1932?

Mr. SMITH: That was in 1931. I have not the figures for 1932, but I think they would be almost in that proportion. I am not sure of that, but I think by far the overwhelming proportion would be moved in Canadian bottoms. As to the movement of grain from Fort William, we take the cheapest rate we can get, whether Canadian or American. Canadian boats would always have the preference, so far as the majority of the grain companies in Winnipeg are concerned, in moving grain to Buffalo; but the fact is the rate on American boats is usually cheaper to Buffalo, and Canadian boats are not usually willing to take that trip.

Hon. Mr. CASGRAIN: At what time of the year?

Mr. SMITH: During the open season of navigation.

Right Hon. Mr. MEIGHEN: Is not the reason that their ore and coal trade gives them an advantage over the Canadian boats and they can take distress tonnage? Can you say that that is fair competition?

Mr. SMITH: So far as we are concerned, the boats come light to Fort William. They bring up coal to Duluth from Buffalo or any of the Lake Erie ports. When they arrive at Fort William they are light. As I say, they may have brought up a cargo of coal, or something of that kind, but we are not in a position to know whether they are coming up loaded or light. When the American boats come to us they come for cargo from Fort William to whatever

point they want to take it. I cannot state it as a fact, but I believe it to be a fact that the Canadian boats have not been very anxious to take cargoes of grain to Buffalo because the rate has been so low.

Hon. Mr. McLENNAN: Do you mean lower than the corresponding rates to Bay ports?

Mr. SMITH: I mean this, senator, that the Canadian boats usually get a higher rate to the Bay ports and to Port Colborne than the American boats get to Buffalo, and therefore the Canadian boats are not willing to run to Buffalo at a lower rate if they can get a higher rate to Port Colborne and the Bay ports. My experience has been that Canadian boats have not wished to take grain to Buffalo to any great extent.

Hon. Mr. GRIESBACH: They could not compete?

Mr. SMITH: That may be the reason. Of course, I am not in the transportation business, and therefore I do not know why they would not take it, but I presume that would be the reason.

Hon. Mr. BALLANTYNE: The Americans will not allow any of our ships to enter their coasting trade.

Mr. SMITH: I will come to that in a moment.

Hon. Mr. DANDURAND: Have you a memo indicating the competitive rate that you are asked from Fort William to Buffalo by American boats against the rate from Duluth to Buffalo? Are they carrying your wheat cheaper than they are carrying their own?

Mr. SMITH: I have not the figures, but I think the practical working out of it is this. There are times when the Buffalo rates are a little higher from Fort William and times when it is a little higher from Duluth. The boats take the grain from whatever point pays them the highest rate.

Hon. Mr. CASGRAIN: And also the port to which they have carried coal.

Mr. SMITH: Oh, yes, the inward cargo has something to do with the port to which they would go. Have I answered that?

Right Hon. Mr. MEIGHEN: All right.

Mr. SMITH: We say if the Canadian boat companies can compete on an equal basis for that Buffalo business, they can have it, but we feel that we should not be shut off, whatever the reason of competition is, from the cheapest route for export to the Atlantic seaboard. The American boats do take the cargo to Buffalo, but still the Canadian boats have a 90 per cent chance to take it from there to Montreal, which is more than two-thirds of the trip. So they are not very badly handicapped in that.

Hon. Mr. GORDON: You referred to 1931. In that year what was the rate from Fort William to Buffalo and from Buffalo to Montreal?

Mr. SMITH: Senator Gordon, I am sorry I have not got the figures before me, and I can only speak from memory.

Hon. Mr. GORDON: What would it be approximately?

Mr. SMITH: I would say that generally speaking in 1931 the rates to Buffalo were cheaper than the rates to the Bay ports or Port Colborne.

Hon. Mr. GORDON: That is not what I want. I was wondering how much of the freight rate would go to the Canadian shippers.

Mr. SMITH: You mean what proportion of that trip?

Hon. Mr. GORDON: Take that 11,000,000 bushels that you shipped to Montreal.

Mr. SMITH: Well, it would work out in this way. I think that generally speaking the rate to Buffalo has been about 1 $\frac{3}{4}$ cents in Canadian funds per

bushel, and the rate from Buffalo to Montreal has been probably $3\frac{1}{2}$ to 4 cents, so that on the haul from Buffalo to Montreal there is a little over twice as much revenue as on the haul from Fort William to Buffalo.

We are not here, at least as a grain exchange, to speak about the hard plight of the farmer, although we all realize that he is up against a very hard proposition. But in this particular instance we identified ourselves with the interests of the producers of Western Canada, as we have in all other instances where it has been possible for us to work together, because we realize that the producers' interests are our interests.

The CHAIRMAN: Suppose this legislation goes into effect and the conditions of shipping are changed. Will that have any effect on the price which the farmer will receive for wheat, and if so, what?

Mr. SMITH: Well, I would say that anything that increases the cost of transporting grain to the seaboard must come off the farmer.

The CHAIRMAN: Will this increase the cost of transporting grain?

Mr. SMITH: Well, if the closing of the Buffalo route would not increase the cost of transporting grain to the markets of the world, then there would be no reason on the part of the Canadian boat companies for ever closing the Buffalo route or tampering with it in any way.

Hon. Mr. GRIESBACH: That is from the freight rate point of view.

The CHAIRMAN: There might be many reasons for closing the port. One reason might be that the American people would not allow us the same privileges that we allow them.

Mr. SMITH: Of course, I would not like to begin to deal with all these questions.

The CHAIRMAN: You told us a while ago, in reply to Senator Meighen, that you were going to answer that question yourself.

Mr. SMITH: Well, I am going to.

Right Hon. Mr. MEIGHEN: And in that connection, Mr. Smith, keep in mind that the Buffalo route will still be open to American vessels. And I think it would be important for you to tell the Committee, in respect of the grain to Fort William to be shipped out, when is it decided whether it is to go via an American port or a Canadian port? Is it decided when you make your contract at Fort William or after you have it in store at Buffalo?

Mr. SMITH: The shipment of grain one way or the other is decided by us, at any rate—I do not know whether all other exporters do this—after we have it in store at Buffalo.

Right Hon. Mr. MEIGHEN: Now, your argument is that if you can only use Canadian boats from Fort William to Buffalo for grain which you wish to be able to divert to Canadian channels, if you so desire, that that will mean an increase in rates, although you still have a choice of shipping from Fort William via the American route. Will you give your reasons?

Mr. SMITH: When we ship grain to Buffalo in American or Canadian boats we do so in order that we may have the choice of the two routes, that is the American route and the Montreal route in the open season of navigation. Well, when we get that grain to Buffalo, if we find that through the provisions of this Act we cannot ship it to Montreal, then we are compelled to ship it to New York, whether that route is cheaper or not. So it would raise the rates to the extent of the extra cost that we have to bear on account of being forced to ship through the American route, if that route is higher.

Hon. Mr. DANDURAND: The bulk of the grain that you keep in storage for forwarding to Europe is shipped towards the end of navigation, in October and November?

Mr. SMITH: Yes, November.

Hon. Mr. DANDURAND: Well, suppose this Bill passes, will it not be then for you to decide at Fort William what route you will follow?

Mr. SMITH: Exactly.

Right Hon. Mr. MEIGHEN: Or you could employ a Canadian boat and then defer the decision.

Mr. SMITH: Well, if the Canadian boats would meet the competition we would ship all our grain by Canadian boats.

Hon. Mr. DANDURAND: What difficulty would there be to prevent the shipper from making his choice at Fort William of the route by which he will ship his grain to Europe?

Mr. SMITH: Well, the reason he cannot do that is as I have already explained. He cannot make a sale under present conditions before he has shipped the grain from Fort William. At least, it is only very rarely that he can. The grain is shipped to Buffalo to be in this forward position.

Hon. Mr. GRIESBACH: How much grain is there in Buffalo in this forward position that you speak of?

Mr. SMITH: I think at the present time there are about 6,000,000 bushels.

Hon. Mr. GRIESBACH: How much can you store there in the forward position?

Mr. SMITH: Well, at times there would be 30,000,000 bushels, I think. The port has a capacity of thirty odd million.

Hon. Mr. BALLANTYNE: If this Bill passes, the only change that I can see would be that you could not transfer grain at Buffalo from an American bottom to an American bottom, is not that the case?

Mr. SMITH: No, we could not transfer grain from an American bottom even to a Canadian bottom. We would be better satisfied if we could transfer it to a Canadian bottom.

Hon. Mr. BALLANTYNE: But it would not interfere with your shipments to Buffalo and then from Buffalo out by an American port?

Mr. SMITH: No.

Hon. Mr. GRIESBACH: What about the preferential rate of six cents a bushel? To get that you would have to follow an all-Canadian route, wouldn't you?

Mr. SMITH: Yes, with the preference the way it is now, though I notice there is a great amount of agitation in England to change that.

Hon. Mr. BALLANTYNE: Well, that preference is going to affect the whole situation, is it not?

Mr. SMITH: Yes. If the present regulations stand we would not be able to send grain through the United States route, nor to touch the United States with it, as far as I can see, in order to qualify for the preference.

Hon. Mr. TANNER: Why could you not transfer to Canadian bottoms?

Mr. SMITH: We are willing to send all the grain through Canadian bottoms, if it does not increase the rate.

Hon. Mr. GRIESBACH: That is from Fort William to Buffalo?

Mr. SMITH: Yes. We are not talking for Buffalo as a transfer point, but we are only seeking to get access to the world markets by whatever may be the cheapest route. If we bring grain to Buffalo, it seems to me that it would be an advantage to Canadian ships to transfer it to Canadian bottoms, since it is grain that was intended to be sent on the American route. When we ship grain to Buffalo we really think we are going to send it out by the American Atlantic seaboard, but after we get it to Buffalo if we can get cheaper ocean tonnage from Montreal we want the privilege of diverting the grain to Montreal.

Hon. Mr. GRIESBACH: How long would those periods of storage last?

Mr. SMITH: A few weeks.

Hon. Mr. GRIESBACH: With respect to 30,000,000 bushels only?

Mr. SMITH: Well, not the whole 30,000,000 bushels. That would be the maximum.

Hon. Mr. GRIESBACH: When the whole sum is considered as distributed among the producers of Western Canada, it would not amount to very much, surely?

Mr. SMITH: Well, the point that we have in mind is that if the Buffalo route is prohibited for transshipment of grain to Montreal, the Canadian boat owners will then have an entire monopoly of the Montreal route and they might put the rates up.

Right Hon. Mr. MEIGHEN: What proportion of your grain that goes to Buffalo is ever sent by the Canadian route after that?

Mr. SMITH: In 1931 there were 11,000,000 bushels.

Right Hon. Mr. MEIGHEN: Out of about 100,000,000 bushels?

Mr. SMITH: No, about 35,000,000.

Right Hon. Mr. MEIGHEN: Well, 1931 was a very small year?

Mr. SMITH: Yes.

Right Hon. Mr. MEIGHEN: The proportion is not more than about one-fifth, as a rule.

Mr. SMITH: No.

Right Hon. Mr. MEIGHEN: In respect of four-fifths of the grain that you send to Buffalo you are going to have the American competition, and it is only with respect to such proportion that you expect to divert after it reaches Buffalo that you would employ Canadian boats?

Mr. SMITH: Well, there would be this effect on the exporter. If he knew that after he got the grain to Buffalo he would have to let it stay there until he made a sale, I daresay that he would not send so much there. Though it might be a benefit in that respect to the Canadian boat owners. Well, what will the Canadian boat owners do, if they have the whole thing in their hands? Will they make the rate to Montreal a little higher, seeing that we cannot get to that port in any other way. They would be able to dictate the rate from Buffalo.

Hon. Mr. GRIESBACH: How could they dictate the rate when the vendor has the price in his mind and can say, "If your rate is too high I will ship the other way"?

Mr. SMITH: In this way, I think. If this Act goes through, then all the grain we can send through the American seaboard will go that way, and the grain we can send through Montreal cheaper will go through Montreal. We did not come down with a brief, particularly, for the transfer of grain at Buffalo, but in view of the fact that we have to put this quantity of grain at Buffalo in a forward position, we want the privilege of putting it back at Montreal if it is to advantage.

Right Hon. Mr. MEIGHEN: You know that there may be one-fifth of your grain that you will want to divert when you get it to Buffalo. Now, you have to take care that that quantity of grain is shipped in a Canadian boat to Buffalo. You cannot be held up at Buffalo; you can send it the other way if you want to.

Mr. SMITH: It may not be one-fifth; it may be much more.

Right Hon. Mr. MEIGHEN: You can take the other route if you want to, and you will be taking it in four cases out of five.

Mr. SMITH: Perhaps I cannot explain it as clearly as I should, but it seems to me that when there is monopoly of the route to Montreal we are at the mercy of those who have the monopoly.

Right Hon. Mr. MEIGHEN: Is not the American monopoly much greater than ours, and still a tremendous competitive factor? Put yourself in the place of the shipper. You cannot ship to a Canadian port and back to Buffalo. And now you say, in respect of that one-fifth, or whatever the proportion may be, that although on four-fifths you can compete—and they won't know which is the one-fifth and which the four-fifths—you say we should keep the Canadian shipping interests tied up in that way.

Mr. SMITH: I don't say it is one-fifth.

Right Hon. Mr. MEIGHEN: Taking it over ten years it is not more than one-fifth.

Mr. SMITH: I would have to look at the figures.

Right Hon. Mr. GRAHAM: Isn't this what you have in mind? Human nature being what it is, and prone to err when it has an opportunity of doing so in its own favour, that every restriction put on the movement of a product tends to make it more difficult to get that product to market, and those interested—

Mr. SMITH: That is exactly our point.

Right Hon. Mr. MEIGHEN: Then the American rates would be a good deal higher than ours, because their restrictions are greater.

Mr. SMITH: I do not see this point. It may be a clear point, but I do not see that because the American boats may do something to us we should do something to them, if it is to our disadvantage to do it.

Right Hon. Mr. MEIGHEN: Not if it is a general disadvantage, no.

Mr. SMITH: I do not speak for the whole of Western Canada, but I think they all feel that it will be a disadvantage. They must have some reason for that.

Hon. Mr. GORDON: What is the freight rate from Buffalo to New York?

Mr. SMITH: It varies. At present, by all rail, I think it is 9·10 per bushel; but they have reduced the rate, effective April 15, to five cents per bushel.

Hon. Mr. GORDON: And to Montreal it is about three and a half.

Mr. SMITH: To Montreal from Buffalo, about three and a half. But on the Erie Canal we expect the rate will be about two and a half to three cents on the opening of navigation.

Hon. Mr. GORDON: From Buffalo to New York is nine cents.

Mr. SMITH: It will now be four and a half or five cents from Buffalo to New York, but when navigation opens we will use the Erie Canal which has a two and a half to a three cent rate.

Right Hon. Mr. GRAHAM: Your wheat will get out of fashion before you get it through there.

Hon. Mr. GORDON: And in addition there will be a premium on exchange.

Mr. SMITH: Of course.

Hon. Mr. GRIESBACH: Does the Erie Canal rate include loading and unloading charges?

Mr. SMITH: No. It costs at present a half a cent for elevator charges, and they are asking in addition three cents, or it may be two and a half.

Hon. Mr. DANDURAND: I cannot understand why when you start your grain from Fort William during the season of open navigation you cannot judge what is the cheapest route. I am speaking of the sale of your grain moving towards the seaboard during the open season.

Mr. SMITH: It changes weekly, and sometimes daily, according to the demand for tonnage. For instance, ocean tonnage will come into Montreal at one and six, and next week it may be one and nine, or it may be one and three. Whatever those rates are, they have an effect on which way we want to move the grain.

Hon. Mr. CASGRAIN: But you get ocean rates cheaper in New York than anywhere else, because they use the grain to stabilize the ships.

Mr. SMITH: Yes, but we have to do it from day to day.

Hon. BALLANTYNE: Owing to their lack of elevator facilities at New York—they are thirty or forty years behind the times in the way of handling grain; they have floating elevators—does it not cost far more to get your grain into the hold of a ship at New York than into the hold of a ship at Montreal?

Mr. SMITH: It does in port charges; but we consider the total cost from Fort William right straight through to Liverpool, and when they are cheaper by one rout than by another, we take the cheaper one.

Hon. Mr. GRIESBACH: Cheaper in the aggregate?

Mr. SMITH: Yes, the total cost.

Hon. Mr. McLENNAN: If Mr. Smith would explain to the Committee the process by which the grain exporter carries his grain along until its final disposition, it would clear up matters. You own the grain, Mr. Smith, you keep it flowing, and you take advantage of the cheapest route. In reply to your cables you get offers from Europe so much C.I.F. at Falmouth, Liverpool, London, and so on for orders. Could you recount the steps that are taken to bring the C.I.F. sales through to the end?

Mr. SMITH: Do you mean to begin from Fort William or from Montreal?

Hon. Mr. McLENNAN: Begin from Fort William. Do they still sell in thousand quarter units?

Mr. SMITH: Yes.

Hon. Mr. McLENNAN: Well, take 8,000 bushels. It used to be the unit and apparently still is.

Mr. SMITH: I will try to explain as briefly as I can. I do not want to take up too much of your time.

Right Hon. Mr. MEIGHEN: Go ahead.

Mr. SMITH: The procedure is divided into two operations generally speaking. We get it from Fort William to Montreal or to New York, and then we make our export connection there and get it on to the Old Country. So we start the cargo of grain from Fort William to whatever point we are going to send it, we will suppose Montreal. All the while we are cabling and having refusal of ocean tonnage coming into Montreal. By the time it gets to Montreal we hope we will have connected with a sale in the Old Country and be able to load it soon into an ocean boat and get it over. We are cabling on shipments out of New York as well as Montreal. If we can make an advantageous sale through Montreal, we want to ship that grain from Buffalo to Montreal and send it on to the seaboard. If, however, having the grain at Buffalo we could get an advantageous rate, taking all the points into consideration that the senator has mentioned, so we could sell it better in the Old Country, we would send it by the American route to the American seaboard and then load it on the ocean going ship.

Hon. Mr. McLENNAN: If you do not make a sale you send it on consignment.

Mr. SMITH: No, we do not send any grain now to the Old Country on consignment. It is a very hazardous thing. Their charges are much higher than ours.

Hon. Mr. McLENNAN: Suppose you have so much tonnage offering at Montreal or New York, and you have not succeeded in making a sale, you take the best offer you get?

Mr. SMITH: We do not book ocean going tonnage until we have made the sale.

Hon. Mr. BALLANTYNE: Are the rates on grain to England lower from New York than from Montreal?

Mr. SMITH: They are frequently lower because of the larger amount of liner space into New York.

Hon. Mr. BALLANTYNE: That is the reason you can afford to pay higher transportation and terminal charges from Buffalo to New York as compared with Montreal?

Mr. SMITH: We do not always pay a higher terminal charge; sometimes it is not higher.

Hon. Mr. BALLANTYNE: I asked you that question a few minutes ago.

Mr. SMITH: The port charges are higher.

Hon. Mr. BALLANTYNE: From the time the grain leaves Buffalo and enters the hold of the ship at New York it costs more?

Mr. SMITH: For the Erie Canal the rate is two and a half cents, and the St. Lawrence route is four cents, so there would be a cent and a half advantage right there in favour of New York.

Hon. Mr. BALLANTYNE: Including transportation and elevator charges?

Mr. SMITH: Yes.

Hon. Mr. McLENNAN: New York has some slight advantage on insurance rates as compared with Montreal.

Mr. SMITH: Very slight, though.

The CHAIRMAN: The insurance rates have become equalized between New York and St. Lawrence ports?

Mr. SMITH: Yes.

The CHAIRMAN: If what you say is correct, that the port charges and ocean rates are cheaper via New York, then all your wheat would go by New York.

Mr. SMITH: I did not say that.

The CHAIRMAN: It was so stated virtually.

Mr. SMITH: No, I did not say that.

The CHAIRMAN: The fact is that it is only during a distress condition that the through rate is cheaper by New York.

Mr. SMITH: No.

The CHAIRMAN: I mean by "distress" that you get bottoms there that want freight and then you get a lower rate; otherwise you do not get a lower through rate via New York.

Mr. SMITH: No, it is a matter of competition. You might say if all grain went through Montreal it would be owing to a distress condition. There are times when tonnage is more free at one place than at another.

The CHAIRMAN: But after all the rate is slightly better through Canadian ports.

Mr. SMITH: During the open season of navigation I would say Montreal is the big port for Canada.

Right Hon. Mr. MEIGHEN: What in your opinion is the value of control of rates now vested in the grain commission?

Mr. SMITH: I could answer this way: I do not believe in that control of rates at all. I believe the best interests are served by everybody competing

with the other and doing the best they can, and if they miss trade through competition, they have to stand back.

Hon. Mr. FOSTER: Would you do away with the Railway Commission?

Mr. SMITH: No, I am talking of boats.

Hon. Mr. GRIESBACH: Have you ever made use of the Grain Board for the fixing of grain rates?

Mr. SMITH: No, sir.

Hon. Mr. GRIESBACH: You have never tried it?

Mr. SMITH: Never in my life, and I don't think I ever will.

Hon. Mr. CASGRAIN: You want to go by supply and demand.

Mr. SMITH: Yes, by supply and demand.

Hon. Mr. DANDURAND: During the open season of navigation how much grain do you store in Buffalo?

Mr. SMITH: We keep about a cargo of each grade, maybe a total of about 1,000,000 bushels. We keep it turning over all the time and feeding the lines either south or north, whichever is cheapest. We would be feeding those two lines.

Hon. Mr. GORDON: Mr. Smith, am I not right in this? Under prevailing rates as between an American and a Canadian route, the Canadian route to Montreal is cheaper. The link which comes in to prevent you taking advantage of that always is the fact that available tonnage is not at Montreal at a price that might be as low as that at New York. If you had that, then everything would go through there to your advantage?

Mr. SMITH: It is always possible, if the rates were always as low from Montreal as they would be by the other routes, or cheaper, all would go by Montreal.

Hon. Mr. GORDON: I understood you to say the rate from Buffalo to Montreal was about three and a half cents.

Mr. SMITH: Four cents at the present time.

Hon. Mr. GORDON: And from Buffalo to New York it was 9·1. That is all rail.

Mr. SMITH: Yes.

Mr. SMITH: The vessel rate is $2\frac{1}{2}$ to 3 cents on the Erie canal, and the vessel rate from Buffalo to Montreal is about 4 cents at the present time.

Hon. Mr. GORDON: You are not taking into consideration the exchange?

Mr. SMITH: No, not in that.

Hon. Mr. BALLANTYNE: There are three reasons for shipping to the port of New York, as I see it. There is the lower ocean rate, the lower insurance rate, and the exporter can transfer at Buffalo from an American bottom to an American bottom, if that offered any advantages. But I think all the other charges would be higher by the Erie canal than by the Canadian route.

Mr. SMITH: Well, the elevator charges for trans-shipping the grain out of the elevator are just the same in either case, at Montreal and New York. The charges on the Erie canal to New York are at the present time about $1\frac{1}{2}$ cents less for the opening of navigation than from Buffalo to Montreal. The fobbing charges at New York, total cost to put the grain into the ocean steamer, are about five-eighths cents, or if loaded through floating elevators the figure is a little higher. The total charges at Montreal for the same services are about three-eighths of a cent. But in making a sale we have to consider the total charges through from Fort William to Liverpool, and in this operation the rate of freight on the lake boats must also be taken into consideration and the rate

of freight procurable on ocean tonnage. The freight rate is lower via the Erie canal, by a cent or a cent and a half, as I have said, but that freight must be paid in American funds and this increases it by about twenty per cent.

Hon. Mr. BALLANTYNE: How do your costs compare, loaded on the ship, at New York and Montreal?

Mr. SMITH: They vary. On this particular operation the costs differ only by about a quarter of a cent. I think that the Erie canal is just a shade cheaper.

Hon. Mr. BALLANTYNE: Loaded on the ship?

Mr. SMITH: Yes, the ocean going ship.

Hon. Mr. BALLANTYNE: All charges? Then the grain can be put in the hold of a ship in New York cheaper than in the hold of a ship in Montreal?

Mr. SMITH: On the present quoted rates. But they may change within four or five days.

Hon. Mr. BALLANTYNE: The ocean rates are lower from New York?

Mr. SMITH: Yes.

Hon. Mr. BALLANTYNE: And the insurance is lower?

Mr. SMITH: Yes, slightly, but it is almost equalized. But the point I want to make is that these things change all the time, they are changing back and forth from week to week.

Right Hon. Mr. MEIGHEN: That is very important. Isn't your argument this, that the cost to New York and Montreal will really be the same if this Bill passes as it is now; but that if the Bill passes the Canadian boat owners will know that they are entitled to all the business in respect of a certain indefinite but small proportion of grain shipped via Buffalo, namely that proportion with respect to which you want the option of turning to New York or Montreal after it gets to Buffalo?

Mr. SMITH: Yes.

Right Hon. Mr. MEIGHEN: And you say that that will have a tendency to raise the rates, notwithstanding the fact that the ship owners will not know that with respect to any single shipment, although they will know that over the whole year you will be bound to use their boats to the extent of whatever proportion you want to divert via Montreal at Buffalo?

Mr. SMITH: Yes.

Right Hon. Mr. MEIGHEN: Would they not need to know that with respect to any single shipment before they could possibly raise the rates?

Mr. SMITH: I do not understand the question.

Right Hon. Mr. MEIGHEN: They know that over the whole year they are going to get more business, but they do not know the time when you will have any shipment out of Fort William by their boats. They have to compete with the American boats, and how could they possibly afford to stiffen the rates?

Mr. SMITH: They will have to compete with the American route, but the point is that we will not be able to put grain in a forward position at Buffalo if we think we are going to be tied up there with it.

Right Hon. Mr. MEIGHEN: You know that you have to use their boats for a certain proportion of your business, as much as it will be necessary for you to divert at Buffalo, but on the other hand they know that they cannot afford to be stiff on any single shipment, because in respect of any single shipment you could use American boats. Therefore the Canadian boats will have to compete on every shipment with American boats?

Mr. SMITH: It may work out in that way, Mr. Meighen, but I would think that when we have got grain in Buffalo, if we do get it there, we would then

have to send it by the American route, and if the Canadian boats know that they will—

Right Hon. Mr. MEIGHEN: All they know is that you have to use their boats to Buffalo for a proportion of the business, but not for any single shipment.

Mr. SMITH: This has got to the point where it appears that I am advocating the Buffalo route.

Right Hon. Mr. MEIGHEN: No, no. Assuming that the Canadian boats are together, it seems to me, then, they have to compete with the Buffalo route.

Mr. SMITH: Then, why close the Buffalo option?

Right Hon. Mr. MEIGHEN: Because in that way they are going to get their proportion of the business.

Mr. SMITH: But even now they get ninety per cent.

Right Hon. Mr. MEIGHEN: From Buffalo out, but there is a certain part of the coastwise traffic that the Americans reserve to themselves, and our shippers claim a corresponding part should be reserved to them, and we would like to reserve it to them unless it is going to raise the rate. I cannot see how it is going to operate unless it is going to operate on a specified shipment.

Mr. SMITH: No. It cannot operate on a specified shipment, but I think we will be handicapped in sending grain, in the selection of routes. If we get it there we are going to be under charges and costs.

Right Hon. Mr. MEIGHEN: You won't be handicapped if it is in a Canadian vessel.

Mr. SMITH: But they won't take it in a Canadian vessel at the same rate as an American boat will take it to Buffalo.

Right Hon. Mr. MEIGHEN: Why wouldn't they?

Mr. SMITH: I don't know.

Right Hon. Mr. MEIGHEN: They know you have a shipment to go and that you can ship it by Buffalo and out the other way.

Mr. SMITH: Yes.

Right Hon. Mr. MEIGHEN: As respects that you are absolutely free; but over the whole year you have to take care that you use their vessels for a certain amount of shipments.

Mr. SMITH: It is not as simple as that. It is not only in that way. We are pouring a great flow of grain to the Atlantic seaboard and the dealer is anxious to have it in a position to sell it. What we fear is that if this Act goes through and we ship to Buffalo, we will have to hold it there. We cannot see what detriment there is to Canadian steamships to allow that grain that we intended to send by the American route to be sent back from Buffalo through the Canadian route to Montreal.

Right Hon. Mr. MEIGHEN: Your privilege at Buffalo stands exactly the same after the passage of the Bill as before.

Hon. Mr. CASGRAIN: It seems to me that you do not want Canadian boats to enjoy the same privileges that American boats enjoy.

Mr. SMITH: I do not say that. I am not advocating that. That is what I say. I do not want to appear before this Committee as a champion of American interests. We use Canadian channels whenever we can. There are some gentlemen here who know that we give the preference to Canadian channels at every opportunity, and I think every other export company does the same thing. But what I do say is that if that competitive route is left open it is not going to hurt the Canadian channels at all as long as they keep in line with what others are doing.

With regard to the coastal laws, I answered Senator Meighen that because the American coasting laws may do something to us I do not think we should do something to them if it is going to hurt ourselves to get back at them.

Right Hon. Mr. MEIGHEN: "Ourselves" are quite a composite mass.

Mr. SMITH: Yes.

Hon. Mr. GORDON: In referring to the American Mercurial rates you are referring only to the canal rates?

Mr. SMITH: I am referring to water transportation always, practically.

Hon. Mr. GORDON: But you referred to the American rates going up and down. That refers only to water rates?

Mr. SMITH: All rates.

Hon. Mr. GORDON: But between Buffalo and New York?

Mr. SMITH: They vary. Sometimes the canal is cheaper and sometimes the St. Lawrence is cheaper.

Hon. Mr. GORDON: But on the part that goes by rail the rate is stabilized.

Mr. SMITH: None of it goes by rail.

Hon. Mr. GORDON: Do you know what proportion goes by the Erie canal and what proportion by the railways?

Mr. SMITH: Very little goes by the railway. I think the railway rates were prohibitive all winter. We may have shipped a little.

Hon. Mr. BALLANTYNE: It seems to me the discussion has narrowed down to this: Mr. Smith is afraid that if American bottoms are not allowed to carry grain from Buffalo to Montreal—

Mr. SMITH: From Fort William to Buffalo.

Hon. Mr. BALLANTYNE: I am talking now of Buffalo to Montreal.

Mr. SMITH: We do not want American boats from Buffalo to Montreal.

Hon. Mr. BALLANTYNE: They have been carrying.

Mr. SMITH: It is mostly Canadian. We are willing to simmer it down. It will be all Canadian out of Buffalo to Montreal.

Hon. Mr. BALLANTYNE: What you are afraid of is that Canadian rates may possibly be higher if this Bill should pass.

Right Hon. Mr. MEIGHEN: It is mainly the rate from Fort William to Buffalo that is in question.

Hon. Mr. BALLANTYNE: But it is a fact that if they transfer from American bottoms—

Mr. SMITH: I think, generally, where you shut off competition it has a tendency to advance charges.

Hon. Mr. SHARPE: What was your experience with Canadian vessels in 1923, when they permitted American vessels to come in? They had to suspend the coastal law. Why was that?

Mr. SMITH: I think for two reasons: The rates got up very high, and I think the Canadian vessels were not able to handle the full volume of trade.

Hon. Mr. SHARPE: Are you not afraid, if this law goes through, that rates would go up again?

Mr. SMITH: I say they might, but I am making the point that we do not want to shut off any competitive route.

Right Hon. Mr. MEIGHEN: We are not cutting off any competitive route.

Mr. SMITH: But it has that effect upon us. I tried to explain. I may be dense in my explanation.

Right Hon. Mr. MEIGHEN: Not at all.

MR. SMITH: I tried to explain that having that grain in a forward position at Buffalo is of great advantage to the exporter.

Right Hon. Mr. MEIGHEN: You can still have it.

MR. SMITH: You cannot ship it if the rate gets higher on the American route than on the Canadian route.

Right Hon. Mr. GRAHAM: You are afraid that if the American rate went up for any reason the Canadian shipping men would not recognize that occurrence?

MR. SMITH: That is not the point I have in mind. What I say is that as long as we can ship to Buffalo we have the option of two routes out, and if the American rate went up to such a point that we could not compete in the markets of the world we would have that stock of grain.

Right Hon. Mr. MEIGHEN: To the extent that you had used American boats to get it there?

MR. SMITH: Yes.

HON. MR. GRIESBACH: What is the normal time factor for a shipment of wheat from Port Arthur to Buffalo? How long does it take?

MR. SMITH: Three or four days.

HON. MR. GRIESBACH: So to get into this forward position the difference is three days.

MR. SMITH: It is at certain times of the year, but at the close of navigation it may be three months.

HON. MR. GRIESBACH: You were talking about water transportation, and so am I. You say three days.

MR. SMITH: I want to explain that. In the open season of navigation it is not necessary, or not so necessary, to have grain in Buffalo or the Bay ports, but as the close of navigation approaches we begin to put a lot of grain into Buffalo and the Bay ports, because Montreal is closed. Take a case in point. Suppose we put 5,000,000 bushels of grain at Buffalo, and the spring comes on and we have not sold it, and we want to move that grain to Montreal, because the Montreal route is cheaper—we like to have the privilege of moving it, because if the New York rate is higher we would have to hold it there all season. It is not so much in the open season as during the winter when we put large lots in the forward position to sell.

HON. MR. GRIESBACH: The forward position has not anything to do with summer business.

MR. SMITH: A little, but not much. I would say that ninety-five per cent of our grain out of Montreal goes through Canadian steamship lines to Montreal.

HON. MR. DANDURAND: During the season of open navigation Buffalo is not a strategic point?

MR. SMITH: No.

HON. MR. DANDURAND: But it becomes a strategic point during the winter, because then you are tributary to the American route. You don't divert to Canadian routing?

MR. SMITH: No. You cannot do that.

HON. MR. DANDURAND: So you want the alternative route for whatever you have stored during the winter in Buffalo and that is undisposed of in the spring?

MR. SMITH: In addition to that—

HON. MR. DANDURAND: It limits it to that.

MR. SMITH: No. In addition to that, there may be times in the summer during open navigation when we have got grain in Buffalo and want to send it either down the Erie Canal or to Montreal.

Hon. Mr. GRIESBACH: But with respect to the whole grain crop that comes east, only thirty million bushels is involved. That is your Buffalo storage.

Mr. SMITH: You can use that many times.

Hon. Mr. CASGRAIN: Not in the winter.

Mr. SMITH: Oh, no, not in the winter.

Hon. Mr. GRIESBACH: At the close of the season thirty million bushels is all you have in a forward position?

Mr. SMITH: Yes. We would not have more than that in Buffalo.

Hon. Mr. GRIESBACH: That is the whole of the Canadian crop shipped east?

Mr. SMITH: Oh, no.

Hon. Mr. GRIESBACH: Out of the Canadian crop shipped east, because a lot goes west. With respect to that which comes east, thirty million bushels is the largest possible amount in a forward position in Buffalo, and that might be less, depending on the proportion of the American crop?

Mr. SMITH: Yes, of course.

Mr. SMITH: Oh, yes, of course.

Hon. Mr. GRIESBACH: So it would not be even 30 per cent. It would be lessened by any accumulation of the American crop?

Mr. SMITH: There might be storage boats. That is so variable that you could not say what we would want to put in at Buffalo.

Hon. Mr. GRIESBACH: I want to get the volume involved and the effect back on our producers in the West. I do not follow you there.

Mr. SMITH: No one can state the quantities involved. The only thing we feel is this, if there is a small quantity, what is the objection to leaving the route as it is now? If there is going to be a large quantity, and the route is not left open, we shall be handicapped.

Hon. Mr. GRIESBACH: It has to do with the whole question of our merchant shipping and the law respecting it.

Hon. Mr. CASGRAIN: You know that you lose your six cent preference on anything going by the American route?

Mr. SMITH: At present. We hope our English importers are going to get away from that.

The CHAIRMAN: Mr. Smith, are there many elevators in Buffalo owned or controlled or leased by Winnipeg grain people?

Mr. SMITH: As far as I know, Mr. Chairman, there is only one elevator owned in Buffalo by any Winnipeg people, and that is the pool elevator.

Right Hon. Mr. MEIGHEN: They took that over from some company.

Mr. SMITH: Yes—they built the elevator there.

Right Hon. Mr. MEIGHEN: Mr. Bredt said that that was not so.

Mr. BREDT: That terminal, Mr. Chairman, was not built by the pool. It was built by the Saskatchewan Elevator Company.

Hon. Mr. CASGRAIN: By Canadians.

Mr. BREDT: It had nothing whatever to do with the pool. I thought you meant built by Canadians.

Right Hon. Mr. GRAHAM: There is a Canadian elevator in Buffalo.

Mr. SMITH: I do not know who else owns the elevator there. We do not own any elevator there, and we have never leased an elevator there so far as our firm is concerned.

The CHAIRMAN: What has the Reliance Elevator Company there?

Mr. SMITH: They never had one and never leased one.

The CHAIRMAN: I heard or was told they had.

Mr. SMITH: I am president of the Reliance Company, and I can assure you we have no elevator there, and never had an elevator leased.

The CHAIRMAN: The only Canadian elevator either controlled or leased by Canadians is the old Saskatchewan Pool elevator.

Mr. SMITH: Yes.

Right Hon. Mr. MEIGHEN: You are not in the shipping business?

Mr. SMITH: I am in the export business. I am not talking of any interest in Buffalo, I am talking of the viewpoint in the West, that we should like these two channels left open. We may be looking at a bogey, but that is what we think.

Right Hon. Mr. MEIGHEN: We do not want to close them. It is not the fault of your expression, it is the fault of your case if you have not convinced us.

Hon. Mr. DANDURAND: During the winter season the grain you have stored in Buffalo is never sent by rail to Saint John or Halifax?

Mr. SMITH: No, it could not be.

Hon. Mr. FOSTER: You have been dealing almost exclusively with the question of shipments during the open season of navigation. You have laid particular stress on the fact that you have competition when your grain gets to Buffalo. But if you have to carry the grain over you are at the mercy of the American shipping interests.

Mr. SMITH: Yes, we may have it until the spring, but we hope to have it down by the canal before navigation closes on the Great Lakes.

Hon. Mr. FOSTER: You sell it during the season?

Mr. SMITH: Yes, we sell it if we can.

Hon. Mr. DANDURAND: You mean the Erie Canal?

Mr. SMITH: Yes, the Erie Canal.

Hon. Mr. CASGRAIN: Do you mean to say the Erie Canal is open all the year round?

Mr. SMITH: No, but it is open a little later than navigation on the Great Lakes.

Hon. Mr. CASGRAIN: For how much longer?

Mr. SMITH: Very little longer.

Hon. Mr. FOSTER: What quantity do you carry there, approximately?

Mr. SMITH: We started out with about 5,000,000 bushels last fall. We have got some of it on the canal, and I think we have about 3,000,000 there now. What we got down on the canal we sold.

Hon. Mr. STANFIELD: This question may not be quite relevant to the Bill. I tried yesterday to find out why it was that so little wheat was shipped from Halifax in comparison with the amount shipped from Saint John. From Halifax there is hardly any wheat shipped. Is that because the C. P. R. officials at Saint John are more on the job than the C. N. R. men at Halifax; or what is the reason?

Mr. SMITH: I do not know the exact reason beyond this: some people got the idea that we were against the Canadian route because I wanted the shipment to go by Buffalo to take the preference. Then I shipped grain to Saint John and some to Halifax. I tried to sell it in competition with the grain we had at New York, and lost two cents a bushel on the transaction.

Hon. Mr. STANFIELD: Why did you send it to Saint John? The rate is the same to Halifax.

Mr. SMITH: Because of the liners out of Saint John we thought there would be a little more tonnage that would be suitable for us. But whether there or at Halifax shippers are finding it difficult to sell the wheat. They sent it down on the six cent rate. They have carried it all winter, and the charges mount up. There is no prejudice against sending it there.

Hon. Mr. STANFIELD: Is the ocean rate higher from Saint John?

Mr. SMITH: I do not know. It must be the accumulation of charges and the rail rate going down, all added together that has made it a little higher. I think there is very little difference between the ocean rate out of there and out of New York.

The CHAIRMAN: The ocean rate from Saint John and from New York is the same. I cannot speak of Halifax.

Hon. Mr. FOSTER: The rail rate is the same.

Right Hon. Mr. MEIGHEN: Grain would be left at Buffalo during the winter months when you would have to transport it over the railways. I understand from you that you could have this wheat delivered at Montreal for a shade less than at New York, during the season of navigation. In the event of your having wheat stored at Montreal when navigation closes, and you want to get it to Liverpool, what kind of a rate could you obtain from Montreal to Senator Foster's port or to Senator Stanfield's port?

Mr. SMITH: I do not think any grain has ever moved that way so far as I know, senator. I do not know what the rate would be.

Right Hon. Mr. MEIGHEN: I am under the impression from what you have said, Mr. Smith, that Canada could secure the passage of all this wheat through Canadian ports, providing tonnage were available at Montreal, or Halifax or Saint John at the right times of the year at as low a cost as from New York. Is that right?

Mr. SMITH: No, I did not intend to imply that I thought all the export business could be done through Canada. I should be very glad if it could be, but it has never been done that way in the past.

Right Hon. Mr. MEIGHEN: No. I am trying to find out if there is not a possibility of that being done. The weak link in your chain appears to me to be lack of ocean transportation, lack of ocean bottoms.

Mr. SMITH: I do not think there is much lack of ocean transportation. Ocean bottoms are laying up everywhere. You can get them at a rate. The rates are so low that they don't move.

Right Hon. Mr. MEIGHEN: From what you said I understood the reason this wheat goes by New York is that at times you can get ocean transportation at a lower price and more quickly available than at some times you can get it from Montreal.

Mr. SMITH: You know that ocean transportation, passenger liners and cargo boats, move into certain ports. That has all to do with rates on cargoes going from these ports.

Right Hon. Mr. MEIGHEN: I understand that. But if Canada wanted to secure all this movement at rates which would be beneficial to you, I am wondering if it could not be done by in some way providing this ocean transportation for you, and whether it was going to cost too much from Montreal by rail to Senator Foster's port or to Senator Stanfield's in the winter time.

Mr. SMITH: I do not understand exactly what you mean, Senator Meighen, but I think the incoming steamers, liners, passenger liners and tramps, have to be bringing a cargo into a port if they are to operate successfully. May I make a statement, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. SMITH: On behalf of the Winnipeg Grain Exchange, which I represent, I should like to say that my instructions are that they are not at all interested, nor are the export trade particularly interested in forcing grain on any route. The general idea—if I have not explained it clearly, it is my fault—is that they want the freedom of the export routes that now exist, and they believe that that is in the interest of the producer of Western Canada. Although the Grain Exchange has sometimes been accused of being an institution that mixed everything up in connection with grain, they have at last identified themselves with the producer in this.

Hon. Mr. DANDURAND: Isn't the rail rate from the Georgian Bay ports to Saint John and Halifax the same as from Buffalo to New York?

Mr. SMITH: But it is so high that no grain can be shipped by either route now. There was not a bushel of wheat shipped, as far as I know, after the 1st of December to Saint John and Halifax when the rate was put up to 9·10 cents. The previous shipments were made when the rate was 6 cents, that was in November, and we made those shipments in the hope of being able to sell the grain in the winter.

Hon. Mr. FOSTER: Your difficulty in selling the grain has not been that there was no tonnage at Saint John to take it away?

Mr. SMITH: No, absolutely not.

Hon. Mr. SHARPE: Mr. Smith, if this Bill goes through will there be any way, in your opinion, in which we can control the lake freight rates?

Mr. SMITH: Well, the Board of Grain Commissioners has the right to fix maximum rates, as far as I know.

Hon. Mr. SHARPE: I was thinking of the idea of putting the rates under the control of the Railway Commission.

Right Hon. Mr. MEIGHEN: The Grain Commission?

Hon. Mr. SHARPE: No, they have it now.

Mr. SMITH: I have not any fear, in the sense that you may have thought, that there is any desire on the part of the Canadian boat owners to make a combination rate that is going to shut off the business to Montreal, but I simply say that to eliminate a competitive route might make it a little more expensive to ship by the remaining route. I am not suggesting that there should be any control over the Canadian vessel rates, any more than there is. There seems to be sufficient control in the Board of Grain Commissioners to fix a maximum rate.

Right Hon. Mr. MEIGHEN: But you are suggesting that a route would be closed, when it would not be.

Mr. SMITH: Yes, if I cannot have the wheat diverted from Buffalo I am suggesting that there is a route closed.

Hon. Mr. DANDURAND: Partially closed.

Mr. SMITH: Yes.

Mr. P. F. BREDT: Mr. Chairman, may I make a statement?

The CHAIRMAN: Do you want to ask anything of Mr. Smith?

Mr. BREDT: No sir.

The CHAIRMAN: First, are there any other questions to be asked of Mr. Smith? As there seem to be none, perhaps it will be all right for Mr. Bretd to make a statement now.

Mr. BREDT: I should like to make a short statement in connection with the ownership of that Pool terminal at Buffalo. It was mentioned repeatedly yesterday and it was brought up again to-day. As I said yesterday, that terminal was purchased by the Saskatchewan Pool along with a line of country

elevators and some terminals at the head of the lakes from the Saskatchewan Co-operative Elevator Company some years ago. They had to take it; there was no choice in the matter, because they purchased all the facilities of that organization. It was really wished upon them.

There might be a suggestion that the stand we are taking here is based upon ulterior motives. It is not. The ownership of that terminal has nothing whatever to do with the point that we are arguing here for the producers.

Right Hon. Mr. MEIGHEN: Could you not have sold that terminal?

Mr. BREDT: No. I am a Manitoba representative and that is a Saskatchewan property. But so far as this amendment is concerned, whether it is passed or not, it will have absolutely no effect upon the earnings of the Saskatchewan organization in respect of that terminal, because I understand that that terminal is leased. It could not be sold but it is leased.

Hon. Mr. CASGRAIN: What is the capacity of that Canadian elevator near Buffalo?

Mr. BREDT: Two million bushels.

The CHAIRMAN: If it is agreeable to the Committee, perhaps we may now hear Mr. George Donovan, who represents the Union Transit Company Limited, the Foote Transit Company Limited and the Lake Steamship Company Limited.

Hon. Mr. GRIESBACH: Has Mr. Donovan submitted a statement?

Mr. DONOVAN: I have a memorandum to submit, sir, and I have already written Senator Meighen in regard to this.

The CHAIRMAN: Mr. Donovan has a statement prepared and he is going to speak to that statement.

Hon. Mr. GRIESBACH: But he has not passed copies of the statement around?

The CHAIRMAN: No, he has not sufficient copies.

Mr. DONOVAN: Mr. Chairman and honourable senators, there is one matter which I have not heard discussed in the last day and a half regarding the place of the American gateway in competition with the Canadian routes, and to me it is probably the most important of all factors. I refer to the importation of Welsh coal into the port of Montreal. That business, as you probably know, has been growing by leaps and bounds. According to the information I have there was imported into Montreal last year 1,200,000 tons of Welsh coal, and it is expected that during the year 1933 the importations will reach 1,500,000 tons. That is equivalent to 30,000,000 bushels of tramp ocean space. The ideal arrangement in ocean shipping, as well as in lake shipping, is a cargo each way. In addition to that 30,000,000 bushels of tramp space there is liner space available of at least 60,000,000 bushels, so that the port of Montreal in one year has available for ocean transport of grain sufficient space for 120,000,000 bushels.

Right Hon. Mr. MEIGHEN: How do you get 120,000,000? You gave us 30,000,000 and 60,000,000.

Mr. DONOVAN: I made a mistake. I should have said 60,000,000 bushels of tramp space and 60,000,000 bushels of liner space, making 120,000,000 bushels in all. That is the reason why Montreal has been participating more heavily in the export movement in the last two years. The important factor to my mind, all things being equal, for the carriage of grain from Fort William to the seaboard is equal, is the ocean rate. It will determine which route the grain will pass over. We have at the present time competition between all this ocean tramp space in Montreal and the liner space, and that is giving us very low rates out of Montreal. Probably never in the export business have we had as low rates as last year. I feel that that is the reason why we may look for a greater volume out of Montreal next year.

Now, I should like to impress upon this Committee the importance of bringing Welsh coal into Canada. If, for any reason, it were made impossible to bring that coal into Canada in the present large volume, if, for instance, more Canadian grain was shipped out of American ports, and consequently there was a reduced volume of coal coming into Montreal, it would tend to reduce the volume of trade between Canada and Great Britain. That coal represents in value probably \$12,000,000, laid down in Montreal, and there you have an export trade which is of vital importance to the commerce of the country. If all your grain were shipped through New York and it were impossible to bring the coal into Montreal on this account, it would be a very serious factor, because one of the bright spots in the situation in the Old Land to-day results from the fact that the English coal producer has found an increased market in Canada for his anthracite coal, whereas his export to the rest of the world has been diminished.

That is the most important thing I had to say regarding this situation of competitive routes, Mr. Chairman.

I may say that I am in favour of what has been advocated by Mr. Enderby and Mr. Horace Smith. I should like to leave a memorandum with you which contains certain suggestions with regard to certain clauses of this Bill. I think I would go further than Mr. Smith in one respect, at least. I would follow the American law in this respect, that no foreign built ship could engage in the coastwise trade of Canada.

The CHAIRMAN: Would that be applicable to all Canada?

Mr. DONOVAN: I am speaking only in regard to inland waters. I recently made an analysis of the ships engaged in the upper lake trade, and I was surprised to find that out of forty-seven ships registered in Canada thirty were built in the United States.

Hon. Mr. CASGRAIN: That is canallers?

Mr. DONOVAN: No, sir, upper lakers.

Hon. Mr. BEIQUE: At what price can Welsh coal be imported into Canada now?

Mr. DONOVAN: I do not know what the price is in the United Kingdom.

Hon. Mr. GORDON: You said it represented \$8.

The CHAIRMAN: The three companies that you represent are in the main, in favour of the Bill as it is, we understand.

Right Hon. Mr. MEIGHEN: They are lake companies.

Mr. DONOVAN: They are engaged entirely in the lake trade.

Right Hon. Mr. MEIGHEN: What have you to say—and try to get the very centre of the case—what have you to say as to the effect of this Bill inasmuch as it will compel a certain proportion of the shipments via Buffalo to be made in Canadian boats, namely that proportion which ultimately will be going out of Canadian ports? What do you say as to whether or not that will have a tendency to raise rates on the lakes?

Mr. DONOVAN: There are a number of things which determine rates on the lakes. There is the question of delay, which is probably the most important factor. We get no demurrage at the present time for delays in loading and unloading. I understand that on the Erie barge route they do get it. Why demurrage should be paid in one case and not in another has not been satisfactorily explained to me.

Right Hon. Mr. GRAHAM: What causes the delay if it is greater than is customary?

Mr. DONOVAN: It is caused by the fact that the shipper ships his grain when it is not sold, or that there is no ocean shipping to take it out. The lake

boat has to take all that loss. Some lake boats have waited as long as thirty days in Montreal.

Hon. Mr. DANDURAND: Because there was no storage space?

Mr. DONOVAN: Because the elevators were full and there was no available ocean tonnage.

Hon. Mr. DANDURAND: But you have just said the importation of Welsh coal will cure that evil.

Mr. DONOVAN: That will tend to cure it. That is the one bright spot we have, and it seems to me that every encouragement should be given to make the grain flow through Montreal.

Right Hon. Mr. GRAHAM: I understood you to say that there were undue delays at Port Arthur and Fort William rather than at Montreal.

Mr. DONOVAN: The delays that we have experienced at Port Arthur and Fort William have not been serious. The chief delays occur at the St. Lawrence ports.

Hon. Mr. DANDURAND: What do you mean when you say that the grain is left in the bottoms because it was not sold?

Mr. DONOVAN: What I mean is this. There was not ocean tonnage booked at Montreal to meet the lake boat on arrival. Until such time as we can get the grain into the elevators the boat has to remain in Montreal.

Hon. Mr. CASGRAIN: And they are not paying.

Mr. DONOVAN: That is a chance we have to take.

The CHAIRMAN: Mr. Donovan, don't you carry grain on charter parties at all? Have you no charter?

Mr. DONOVAN: Our grain is not carried on a time charter party; it is carried at a set rate always.

The CHAIRMAN: Under the law, then, you cannot collect demurrage?

Mr. DONOVAN: I understand there is no law affecting the question. Practice rules. The practice is that no demurrage has been paid and consequently we have not been able to collect it, even though suits have been threatened, I believe, at times.

Right Hon. Mr. MEIGHEN: You take that into account in fixing your rates?

Mr. DONOVAN: We do, but it is a most uncertain factor.

Right Hon. Mr. MEIGHEN: Your competitor has the same handicap.

Mr. DONOVAN: So far as the barge canal is concerned, he collects demurrage.

Right Hon. Mr. MEIGHEN: I am referring to your competitor in the business that you are entitled to engage in. You are not entitled to engage in the barge canal business?

Mr. DONOVAN: No.

Right Hon. Mr. MEIGHEN: Your competitor is in the same position?

Mr. DONOVAN: Our domestic competitor, yes.

The CHAIRMAN: It seems to me that the time charter is a very considerable cure.

Mr. DONOVAN: That may be, but that does not fit in with the viewpoint of the grain shippers. They like to know what it is going to cost them.

Right Hon. Mr. MEIGHEN: Will you be able to charge more from Buffalo to Montreal if this Bill passes?

Mr. DONOVAN: I believe it is not going to affect rates much. I believe the Canadian rate rules. If we put our rate down half a cent, to-morrow the American rate would probably go down; and if we put it up, it would probably go up.

Right Hon. Mr. MEIGHEN: Mr. Enderby told us the American rate away back in the early summer of 1932 was so ruinously low that they were practically all ruined in competing with it.

Mr. DONOVAN: I understand there might be times, very occasionally, when it might be more profitable for an American to put in his boat at Fort William for grain at any rate rather than lay his boat up for ten days or two weeks until a cargo is available. The tendency in rates has been downward during the last three years, and the Americans are working at a very fine margin or loss the same as Canadians.

Hon. Mr. McLENNAN: Are you speaking of the dull midsummer period?

Mr. DONOVAN: Yes, more particularly, although it might apply to any time of the year.

Hon. Mr. GORDON: Do you lead in the advancing or lowering of rates?

Mr. DONOVAN: That is similar to the question whether the egg or the hen appeared first. We believe, sir, that Canadians really have set the rate. We carry the largest volume and it is natural that the rate should be set by us.

Right Hon. Mr. GRAHAM: In a nutshell, will you tell us why you approve of this Bill.

Mr. DONOVAN: I approve of this Bill, yes sir, as it pertains to the definition of coastwise shipping, the shipping engaged in it.

Right Hon. Mr. GRAHAM: Why?

Mr. DONOVAN: I approve of the Bill for this reason. As Mr. Meighen has said on two occasions at least during these sessions, the Canadian vessel owner on the lakes has been in the position of a man with his hands tied behind his back.

Hon. Mr. GORDON: Why, if the Canadian controls the rates?

Mr. DONOVAN: Because we have been shut out of the American coastwise trade, and they have been enabled to engage in ours.

Hon. Mr. CASGRAIN: That is the whole thing.

Mr. DONOVAN: Apart from the question of rates altogether, they have been able to throw their boats into our trade, particularly in times of stress, and have been able to carry grain which otherwise would be given to Canadian vessels. I venture to say that the greatest difference at any time between the rate of carriage of the Canadian and the American vessels would not be one quarter of one cent a bushel; it might possibly go to a half.

Right Hon. Mr. GRAHAM: Is there any other reason?

Mr. DONOVAN: Why I am in favour of this Bill?

Right Hon. Mr. GRAHAM: There is some reason why some people favour it and why other people are against it. What benefit will it be to you, and why?

Mr. DONOVAN: The benefit of this Bill to the Canadian vessel owner will be this. I do not think it is going to make a great deal of difference in rates which he will receive, but he will get a much greater volume of Canadian grain to haul. We have an excess of tonnage on the lakes to-day, and our loss occurs from the fact that we have to lay up a large part of that tonnage. It is like any other business, if we can increase our volume there are certain charges in our operating expenses which will not be increased, such as overhead for managements and things of that kind.

The CHAIRMAN: It would always enable you to keep your rates down if you had a larger volume of business?

Mr. DONOVAN: The tendency is in that direction.

Right Hon. Mr. GRAHAM: It would depend to a certain extent on human frailty.

Mr. DONOVAN: Human frailty exists in the lake shipping mind, senator, but my experience is you cannot keep competition out of rates, even so far as concerns Canadian themselves.

Right Hon. Mr. GRAHAM: This proposed change in the Act will not superinduce any tendency to increase rates; you have said it will not. But you will be able to keep down the rates to a reasonable point on account of the extra volume you will get if this Bill becomes law.

Mr. DONOVAN: That is one feature, sir. Another, as I started out to explain, and perhaps did not succeed, is that I believe the more grain we can ship out of Montreal the more British tonnage, merchandise, we will import into Montreal, and that is for the benefit of the Canadian people as a whole. I am satisfied that the more grain that goes out of Montreal in British tramp steamers the more coal that will be imported into Montreal in those same steamers, and that there is an exchange of trade there which is natural and should be encouraged.

The CHAIRMAN: The coal you refer to does not compete with Canadian coal in any respect, does it?

Mr. DONOVAN: It does not, sir. It competes with American anthracite coal. It is superior to that coal. I might say that in addition to the million and a half tons which we expect to bring into Montreal this year, at least 500,000 tons of that coal will be moved from Montreal to Toronto and probably to some of the Bay ports, so for our Canadian boats you will have an extra tonnage of at least half a million tons in coal.

Hon. Mr. BELQUE: At a much cheaper price?

Mr. DONOVAN: The price, of course, has to compete with American anthracite, but it is higher in quality and does compete successfully.

The CHAIRMAN: Any further questions?

Mr. DONOVAN: Before I retire, sir, I might make one statement with regard to the importation of American vessels. It would be this. As I started to say, of 47 upper lake vessels operating at the present time, thirty have been imported from the United States. The tragedy of the whole thing is this, that they were obsolete vessels when they were imported. It may have been expedient and to the slight advantage of Canadians at the time they were imported to bring those vessels in, but the fact remains that every time Americans sell us an obsolete vessel they have an opportunity of building a new vessel, and it is only second rate powers that traffic in second hand tonnage. If one buys a suit of clothes in the United States or a tin of canned goods, or anything else of that nature, it is consumed in a short time after it is purchased; but when you bring an obsolete American vessel into Canada it is liable to be there indefinitely, because we do not know at the present time the life of a steel vessel in fresh water on the lakes.

Hon. Mr. GRIESBACH: What was the duty paid?

Mr. DONOVAN: I take it that it was 25 per cent. That to my mind should not be a factor, because the appraisal of a second hand vessel is necessarily small.

Hon. Mr. GRIESBACH: What do you suggest?

Mr. DONOVAN: I would suggest very strongly no foreign built vessels shall be allowed to engage or take part in the coasting trade of Canada.

Hon. Mr. CASGRAIN: On inland waters?

Mr. DONOVAN: Yes.

Hon. Mr. GRIESBACH: That is, the same provision as the Americans have?

Mr. DONOVAN: The same provision as the Americans have. In fact it does not go so far the American law, because the American law says that a vessel which is engaged in international trade in the United States under the American flag must also be built in the United States. That suggestion would not go so far as the American law, but I think it would adequately cover our Canadians.

The CHAIRMAN: Anything further from Mr. Donovan?

Hon. Mr. GRIESBACH: In operating to carry a cargo of wheat you carry it subject to the contingency that there may be delays at either end, but you absorb those delays?

Mr. DONOVAN: We have to take all risks of delays in loading or unloading.

Hon. Mr. GRIESBACH: Yes or no. You do?

Mr. DONOVAN: We do that. The rate is supposed to contemplate that. Of course the rate does not cover, and has not covered, it for the past four years.

Hon. Mr. GRIESBACH: Is there any loss?

Mr. DONOVAN: There is no question of doubt about that. I have lost the profit of one boat for a whole season through serious delay on one trip.

Hon. Mr. GRIESBACH: For how long?

Mr. DONOVAN: I would say under existing conditions if a boat were delayed for twenty days at any one time, the profit of the season would entirely vanish.

Right Hon. Mr. MEIGHEN: I am told you are wrong in your statement as to United States requirement that vessels engaged in international trade must be wholly built in the United States and under their registry. It is only if engaged in coastal trade.

Mr. DONOVAN: I believe, sir, up to the last two years that was so, but I know this: I was in England a few years ago, and at that time two vessels were being completed for international coastwise trade.

Right Hon. Mr. MEIGHEN: What do you mean by international coastwise trade?

Mr. DONOVAN: A vessel to be registered in the United States trading from New York.

Right Hon. Mr. MEIGHEN: To where?

Mr. DONOVAN: To Brazil. It is not coastwise.

Right Hon. Mr. MEIGHEN: Did that have to be built in the United States?

Mr. DONOVAN: Yes. The English yard had built two fine vessels for the trade, and when the Americans found it out they immediately changed their laws, so that vessels in the future would have to be built in the United States.

Hon. Mr. McLENNAN: Was not that because the Brazil-New York line was getting heavy subsidies, and it was made a condition that the boats should be built in the United States?

Mr. DONOVAN: I do not know.

Hon. Mr. GRIESBACH: The Americans could not buy a foreign ship. That is what that would mean.

Mr. DONOVAN: They could not buy a ship in England.

Hon. Mr. GRIESBACH: Anywhere.

Mr. DONOVAN: Yes. The Americans are going so far at the present time as trying to change their law so that vessels going from New York on trips to Bermuda must also be of American registry. They are trying to stop foreign trade engaging in that which is essentially an international business.

Hon. Mr. GRIESBACH: You are confusing what they are trying to do with what their law actually is, are you not?

Mr. DONOVAN: No sir. I am sorry if I have not made myself clear. As I understand the situation at the present time, unless a vessel has been built in the United States she cannot be registered for United States international trade.

Hon. Mr. GORDON: But could that be done if a vessel would forego the subsidy?

Mr. DONOVAN: I do not know to what extent the subsidy enters into the question, but I certainly had the understanding that it was necessary for a vessel to be built in the United States in order to get American registry for international trade.

Hon. Mr. McLENNAN: You mean for trade between a foreign country and the United States?

Mr. DONOVAN: Yes sir. I might say that so far as the enforcement of those coasting laws is concerned in the United States, and particularly with regard to the 75 per cent clause, they certainly know how to go about it in that country. I personally and some others in this room have felt the teeth of that legislation, and I am strongly in favour, Mr. Chairman, of an amendment to the Act which will allow for corporations which are 75 per cent owned within the British Empire to engage in coasting trade on the lakes.

Hon. Mr. SHARPE: Mr. Smith told us a little while ago that the Grain Commission had set the rate on grain at 6½ cents a bushel for the Great Lakes. Do you consider that a fair rate?

Mr. DONOVAN: That is a lower rate than has been set for the last few years on the opening of navigation, and I would consider the rate low, certainly not excessive. As Mr. Enderby pointed out yesterday, the ship has to pay charges for loading and unloading. When you take a rate of 6½ cents, you have to deduct from that 1½ cents for the trimming charges, the transfer charges for unloading, and the unloading at Montreal. Instead of getting 6½ cents you get only a five-cent rate.

Right Hon. Mr. GRAHAM: That is for the transportation?

Mr. DONOVAN: Yes.

Hon. Mr. GRIESBACH: And then the ship owner has to absorb the delays?

Mr. DONOVAN: Yes, and he has to make his profit out of that—which is next to impossible, as Mr. Enderby said.

Right Hon. Mr. MEIGHEN: I think Mr. Sidney Smith would like to make a short statement right here.

Mr. SIDNEY SMITH: Mr. Chairman and honourable gentlemen, in the midst of the matters that were referred to just now I overlooked one point. The grain exporters in Winnipeg want to draw to your attention the fact that there is a large reciprocal business that comes to Montreal from Chicago and Duluth of American grain in normal seasons, and we feel that since the Canadian boat owners have an opportunity to bring that grain there they are having some advantages, at any rate, that have not been mentioned. And that has to be kept in mind in any action we take, it seems to me. The American coasting laws do not prevent that operation, at any rate.

Hon. Mr. GRIESBACH: To what extent have Canadians participated in that trade, do you know?

Mr. SMITH: They have participated as largely as they wanted to, in comparison with the volume of trade, I presume. It has been on a basis of rates.

Hon. Mr. GRIESBACH: How many bushels have they actually carried?

Mr. SMITH: I have not got the figures, but a tremendous amount of American grain goes through Montreal in normal seasons.

The CHAIRMAN: Mr. A. L. W. MacCallum, manager of the Shipping Federation of Canada is here, and if it is the pleasure of the Committee we will hear him now.

Mr. A. L. W. MACCALLUM: Mr. Chairman and honourable gentlemen, I appear before you on behalf of the Shipping Federation of Canada, an organization whose membership consists of ocean-going steamships that go to Eastern Canadian ports, and also certain coastal steamships engaged in seagoing voyages. Our Federation has nothing to do with the inland trade, so I do not speak on behalf of the inland trade in any way.

Since we received copies of the Bill our members have been giving as careful a study of it as they could to the individual parts and all the sections. We are interested in the whole Bill, not only in that part of which refers to the coasting trade; whether the sections deal with registry, masters and mates, seamen, pilotage, or any other subject, we are interested in them. In the memorandum that we have distributed, Mr. Chairman, we have made certain observations on some sections, and I do not know whether you wish me to read it now or whether the Committee will prefer to consider our observations as the various parts of the Bill are taken up.

The CHAIRMAN: I think every member of the Committee has received a copy of this memorandum from Mr. MacCullum. Do you think it would be wise to take up the time now in reading it, or had we better digest it and take it up later on?

Hon. Mr. BÉRIQUE: I would suggest that if he has any objections to the Bill that he should tell us what they are.

Mr. MACCALLUM: In general, Mr. Chairman, we welcome the Bill. It tends towards uniform legislation in different parts of the Empire, and we have not very many objections. We have some comments on certain sections, really suggestions to the Committee as to possible amendments.

Hon. Mr. DANDURAND: Those do not bear on general principles, but on small points?

Mr. MACCALLUM: Yes. The first part of the Bill has to do with recording, to which we have no objection. Part II has to do with registry, and we have no comment upon that. We have a slight suggestion in connection with Part III, referring to masters and mates.

The CHAIRMAN: What do you suggest with respect to masters and mates?

Mr. MACCALLUM: The only section upon which we have to make any comment is 147. This provides for a registration of a certificate of masters or mates every five years, and we think it might be clearer to show that the section is intended to provide for re-registration only and not for re-examination at the end of every five years.

Right Hon. Mr. GRAHAM: Is that new or old?

Mr. MACCALLUM: That is new in our Canada Shipping Act.

The CHAIRMAN: I may say that I have received objections to that clause from people on both sides of the Atlantic whom I would call deep sea sailors. What are your objections?

Mr. MACCALLUM: Our standpoint is that if the clause only provides for re-registration, that is so that the Department can keep a record of the certificates, it is all right. But we do not think that the masters should be subjected to re-examination every five years.

Right Hon. Mr. MEIGHEN: It is to check up on health, is it not?

Hon. Mr. CASGRAIN: Upon eyesight, and so on?

Right Hon. Mr. MEIGHEN: A man may not have good eyesight five years after he had passed the examination.

Mr. MACCALLUM: Well, that is not a general provision under the Merchant Shipping Act, and I do not see why it should apply to Canadian masters when it does not apply to British masters.

The CHAIRMAN: This provision is new. As far as I know it was not in the old Canada Shipping Act nor in the Merchant Shipping Act. It is applicable only to Canada.

Hon. Mr. BALLANTYNE: It is not in the British Act?

Mr. MACCALLUM: No, it is not.

Right Hon. Mr. MEIGHEN: The idea is to have a record. They die, and it is never known. The list is inordinately large.

Mr. MACCALLUM: Part IV deals with the question of seamen. Section 191, subsection 6, deals with running agreements. The subsection as drawn provides that any running agreement shall not exceed beyond the next following 30th day of June or 31st day of December. Our suggestion is that this subsection be amended to provide that running agreements are permissible, but that in no event shall they extend for a longer period than six months, or beyond the first return of a vessel to her home port after the expiry of the six months period. While this subsection follows the Merchant Shipping Act, we have seasonal navigation, and we think the intent is that you shall not have a running agreement for longer than six months.

The same remarks apply to section 192.

Section 209 deals with the question of seamen claiming discharge, and is taken, I think, from the International Convention of Seamen's Agreements. This section provides that a seaman can claim his discharge, and if he can find a substitute and offer a good reason, the master shall give him his discharge and allow him to re-sign on another vessel. We have no objection to that, but we submit that it has to be considered in the light of the immigration laws. For instance, if a seaman arrives in Canada on a vessel from overseas, he could claim his discharge for the purpose of signing on another vessel; but that does not relieve the ship signing off that seaman from its liability to return him to his place of birth two or three years later.

Hon. Mr. GRIESBACH: I am just wondering, Mr. Chairman, whether there is any advantage in hearing this. A lot of this material could be referred to the draftsman.

Right Hon. Mr. MEIGHEN: It is not fair to shut off Mr. MacCallum. He has certain things that he wants to emphasize.

The CHAIRMAN: I think his viewpoint is important. Is there any other feature, Mr. MacCallum.

Mr. MACCALLUM: I simply refer to that.

Section 280 deals with penalties on stowaways, in regard to which we make a suggestion also.

Now we come to Part V.

Right Hon. Mr. MEIGHEN: You are speaking from the standpoint of the practical operation of vessels?

Mr. MACCALLUM: Yes.

Right Hon. Mr. MEIGHEN: You are representing the owners of vessels?

Mr. MACCALLUM: Ocean going and sea going coasting vessels.

In Part V, which deals with the relief and repatriation of distressed seamen, there are only two small points—section 345 and 354. I do not think there is anything important there. The Committee can discuss this as they go along.

Next is Part VI, which deals with the hospitalization of sick mariners. We have recommended in regard to section 368 that the fishing industry be excluded from the provisions of this part.

Hon. Mr. DANDURAND: It is included in the Bill?

Mr. MACCALLUM: Yes, seamen with registered fishing vessels. The proposal is that all fishing vessels should come within the provisions of the Sick Mariners' Fund. The purpose of the sick mariners' dues is to see to it that no vessel leaves behind sick seamen who later have to be taken care of by the country. We feel that domestic tonnage, which can take care of its own seamen, should not be included, as under the duty it is not paying in proportion to the service it is getting. We think the Sick Mariners' Fund provides for the foreign going and the ocean going vessels, and makes provision that, by duty or otherwise, they shall leave sufficient money to supply adequate hospitals for seamen. That is as far as it should go.

The CHAIRMAN: In other words, you have in mind that in the coastal fishing trade, as we will call it, there is a very large element of accident, and that it would be unfair to have those casualties imposed upon the Sick Mariners' Fund, the primary purpose of which is to take care of ocean going seamen.

Mr. MACCALLUM: That is it in effect. We also think it applies to the small domestic trade. The owners are here, in this country.

In regard to pilotage we have practically no recommendations, except as to section 406, which provides that if a master moves a vessel from one place to another in a pilotage district and does not use a pilot, he shall pay pilotage dues. We think that is intended to apply to the removal of a vessel in a pilotage district where pilotage dues are for the time being compulsory.

Hon. Mr. CASGRAIN: You do not need a pilot from wharf to wharf?

Mr. MACCALLUM: If you 'are within a pilotage district.

Hon. Mr. BALLANTYNE: What do you think of the pilotage provision, generally speaking?

Mr. MACCALLUM: It is quite satisfactory.

Hon. Mr. BALLANTYNE: As the pilot system now exists?

Mr. MACCALLUM: Yes. At the present moment that is satisfactory in general principle.

We also deal with the question of public harbours and port wardens. There is one point I would like to speak about before we adjourn. Part IX of the Bill deals with wrecks, salvage, and investigations into shipping casualties. Part X deals with lighthouses, buoys and beacons. They are quite satisfactory to us. There is one slight suggestion, as to Part XI. It has to do with the drafting and need not be taken up here.

Part XII, port wardens, is quite satisfactory except that we note the penalties have been considerably changed. We question the necessity for any increase in penalties.

Right Hon. Mr. GRAHAM: Just where is the provision for this penalty of \$500? Is that the maximum?

Right Hon. Mr. MEIGHEN: The maximum is fixed by section 593, at the end.

Mr. MACCALLUM: Navigation, collisions, limitation of liability. There are certain suggestions there.

Hon. Mr. DANDURAND: You say, in reference to section 762:

It is respectfully submitted that this section be deleted, and that the carriers' responsibility for passengers' baggage be left as a matter of contract between the carrier and the passenger.

The contract appears on the ticket sold.

Mr. MACCALLUM: Yes.

Hon. Mr. DANDURAND: Which is not read by the passenger.

Mr. MACCALLUM: That is covered by the previous paragraph.

Part XIV, coasting trade of Canada. We have no criticism to make of this Part as drafted, but I should like to refer to the proposal which was made that British ships engaged in the Canadian coasting trade should be liable for duty. I want to say on behalf of the Federation that we do not support that proposal, the reason being that we believe it would sooner or later result in increased rates on freight—increased charges.

The CHAIRMAN: You do not refer to inland waters at all?

Mr. MACCALLUM: No, sir.

Right Hon. Mr. MEIGHEN: Nobody has urged it for salt water.

Mr. MACCALLUM: The Bill as drafted, sir—

Right Hon. Mr. MEIGHEN: It does not put any duty on any British built ships for any purpose.

Mr. MACCALLUM: But Mr. Smith, I think, suggested it.

The CHAIRMAN: It was only a suggestion.

Right Hon. Mr. MEIGHEN: That is for inland waters only. You are not interested in that.

Mr. MACCALLUM: I thought it was suggested for other than inland waters.

Right Hon. Mr. MEIGHEN: It was restricted afterwards.

Hon. Mr. DANDURAND: That is not for Nova Scotia.

Right Hon. Mr. MEIGHEN: No.

Mr. MACCALLUM: Mr. Smith dealt with the question of coastal trade from Nova Scotia up the St. Lawrence. We have a similar coastal trade on the Pacific coast.

Right Hon. Mr. MEIGHEN: Mr. Smith afterwards confined his request merely to inland waters—fresh waters.

Mr. MACCALLUM: I thought it was intended to cover all coastal waters.

The CHAIRMAN: You will be here later on, Mr. MacCallum?

Mr. MACCALLUM: Yes, Mr. Chairman.

The CHAIRMAN: Thank you. I understand a number of other gentlemen want to be heard. If they will kindly hand in their names to Mr. Hinds we will try to hear them this afternoon.

We will adjourn now to meet twenty minutes after the adjournment of the Senate this afternoon.

The Committee adjourned at 1 p.m.

The sitting of the Committee was resumed at 4.40 p.m.

The CHAIRMAN: Honourable members, we have a number of gentlemen here who would like to give us their views on the subject under discussion. With your permission I will call upon Mr. Roy M. Wolvin of Montreal to speak to us first.

Mr. ROY M. WOLVIN: Mr. Chairman and honourable senators, I thought I would like to come before you as I have spent most of my life in the inland water navigation business.

In the early days there was not much to such Canadian business, but it has been so built up and developed that we can all be proud of it. We as steamship operators and ship-builders have always looked forward to the time when the Canada Shipping Act could be consolidated and constructively improved so as to give the steamship lines, that have now become so great, an opportunity to hold their own and to further develop with the country.

I am going to ask you to bear with me for a few minutes while I give you a brief picture of the past. I have been associated with lake transportation since 1896. Between that time and 1902 the shipments of Canadian grain were comparatively infinitesimal as compared with those of the present. Most of that grain was moved to Georgian Bay and from there by Canadian Pacific Railway and Grand Trunk Railway to Montreal and by the Canada Atlantic Railway to Coteau and floated by barge to Montreal. A relatively smaller portion came by water. In 1902 I was managing lake boats on the American side. In that year we chartered five wooden steamships to trade between the upper lakes and Montreal. These wooden steamships were the only U.S. ships, outside of a few engaged in the lumber trade, that could go through the Welland Canal. They were the remnants of a once large fleet that operated from lake Ontario to the Upper lakes.

During this same year, 1902, we built ten steel ships of full Welland Canal size for the St. Lawrence river trade under the American flag. They were of full canal capacity at that time, carrying 72,000 bushels of wheat on 14 feet, as compared with the present improved canal vessel carrying now on the same draught of water approximately 90,000 bushels. This fleet was at that time the largest individual fleet of steel modern steamships built exclusively for the St. Lawrence river trade.

In 1909 I became interested in the vessel brokerage business in Winnipeg. At that time the grain shipments through Montreal were small and difficult for Montreal to influence their way. We were offered a commission, as brokers, by the Montreal Harbour Board to obtain business for the port of Montreal. Senator Ballantyne will remember, as a member of the Montreal Harbour Commission, but previous to the time when he was Chairman and while Major George Washington Stephens was Chairman, the contract that was made by them with private individuals to lease the only elevator the Montreal Harbour Commission had for a period of twenty years, with an option of twenty additional years, and with the provision therein that the contract was not binding upon the private interests unless they obtained the lease of the Port Colborne elevator then about to be completed by the government. Senator Graham, who was Minister of Railways and Canals at that time, will recall a contract worked out in the minutest details covering a lease of the Port Colborne elevator for a similar period, which the Government of the day decided not to approve.

Since then there has been a tremendous growth in this lake transportation, in the amount of grain moved, and a wonderful improvement of the facilities for moving it. The steamship companies on the Canadian side have had much to do with making this development possible. I think that in recent years the increase in vessel tonnage has been perhaps a little too rapid, especially boats for the lower canals. I say this as I consider this construction ill advised almost immediately prior to the opening of the Welland Canal. I think it was also partly due to the Wheat Pool, supported by the Government and assisted by the banks in their effort to make a world speculation in wheat, holding our Canadian wheat for higher prices. They changed vessel contracts from transportation to storage. Boats that they would charter that would make a trip from Montreal to Port Colborne and return in seven days would then remain in port sometimes thirty days awaiting an opportunity to unload. This of course created an artificial demand for tonnage but not for transportation,--the demand was for storage.

Now, let me try to draw a picture covering the conditions on both sides of the international line in the lake country. We have a Canadian lake marine, and there is a lake marine in the United States, where they have the most highly developed and most wonderful water transportation facilities in the world for specialized trade. During a big year they will move 65,000,000 tons

of iron ore, large amounts of coal and other commodities. The U.S. Steamship companies make their contracts for their real business before the opening of navigation. They close their contracts for the season for each fleet for large amounts of iron ore and coal, and when they put a certain number of boats into commission they know they have continuous work for them. That is an entirely different situation from the one on the Canadian side. Canadians have no bulk freight business other than grain, except certainly reasonably small tonnages of coal to Port Arthur and Fort William and Hamilton, and iron ore to the steel plants at the Soo and at Hamilton. The ship owner in Canada must put his boats into commission at the opening of navigation very much in the spirit in which a farmer puts his seed in the ground and depends upon the rain and sunshine for his crop. The Canadian boat is possibly chartered for her first cargo, and from then on for each cargo as required and she must fit herself into the ever changing conditions of markets, delays, competition, etc.

When the end of the navigation season approaches and our Canadian grain is pressing for shipment, then those American boats are available to assist in that movement, provided the rates are profitable. This happens at the very time of the year when the Canadian boats have a right to look for a little cream to improve their average earnings, which they certainly are entitled to in serving the trade throughout the year. These American boats are available because the American owners ordinarily reserve some space for the fall in the expectation of a profitable grain movement. However, should it so happen that as the close of the season approaches the United States steel plants want to increase the tonnages of ore, then word will go out from those steel companies to the steamship lines who are their contractors for carriage, that they want the use of every boat that the steamship lines have. In such an event it would be almost impossible to obtain American boats at any price for the carriage of Canadian grain.

In the fall rates on grain are quite often affected by freezing weather. When the United States weather bureau announces a prospective low temperature during the night and for two or three days, orders will go out to discontinue the work of the steam shovels and the loading of cars with ore, which freezes in the cars. The result is that boats will commence to pile up one behind the other at the ore docks, and they are hurriedly offered for grain. The consequence is that, as often has happened, that a freight rate can drop two cents per bushel on grain between one afternoon and the next morning.

In this development that has taken place on the American side, the loading and discharging docks have improved their facilities and the boats have increased very much in size. This has resulted in a number of what I must call obsolete ships. They are obsolete very largely on account of their types of construction, which do not fit the new type of unloading facilities. Furthermore, these boats have a smaller carrying capacity than the modern ships. They have generally reached the stage where they are having trouble in passing boiler inspection in the States, and a great many have come over to Canada, where they arrange in one manner and another to continue operations for some years without re-boiling. They take the place of new ships that should be built in Canada. No large and economical type of lake vessel built in the United States has ever entered Canada while new. In the long run there is no economy in this for us, and our country actually suffers a loss through not building new ships in Canada to meet the requirements.

The Bill before the Committee deals with the suspension of the coasting laws. I would like to refer to that. I have always felt that there should not be any power that could suspend the coasting laws. We should have the same permanent and unchangeable protection for shipping that they have in the United States. In that country there is no way to suspend the coasting laws, except through Congress. Now, if the Canadian Government feels that they must have

this power, I would like to make a suggestion. There would be no reason for a suspension of the coasting laws except in the case of an emergency, and I would like to have the Bill as drawn amended so that the Governor in Council could only suspend the coasting laws with the condition that a foreign ship so engaging in the coasting trade must pay twenty-five per cent of the gross freight earned for transportation and storage, or, if preferred, a fixed rate of, say, 50 cents per ton on the cargo carried. Canada now has more ships than are needed to carry the grain between Canadian ports. However, there may and probably will come times when due to congestion at the unloading ports, grain will pile up back into Port Arthur and Fort William and the country.

Right Hon. Mr. MEIGHEN: This Bill contains power to suspend the coasting laws.

Mr. WOLVIN: Yes.

Right Hon. Mr. MEIGHEN: You are against that?

Mr. WOLVIN: Yes. But I would say that if the Government wishes to have that power that it should be arranged so that the owner knows what is going to happen, and that the foreign ship must pay a duty or a tax, as I have already suggested.

Now, may I refer to past suspensions of the coasting laws? The coasting laws have been suspended here when it was not necessary to do so except to take care of the freight speculation by shippers. Every shipper forms an opinion on the freight market. Often they make their sales and speculate to obtain lower rates than those that are quoted. I recall particularly one suspension of the coasting laws where certain shippers for a long period before sold their grain and would not take the boats to fill their contracts. Business increased, congestion at Georgian Bay elevators developed and there were no more Canadian ships available to fill those contracts. It was then that those shippers came to Ottawa and insisted upon a suspension of the coasting laws. The result was that they obtained United States boats to save themselves from losses, but they did not increase the number of bushels of grain that could be carried to Georgian Bay. The only result would be to load an American boat and put her in the line waiting for the elevator at Georgian Bay, and she would be there when a Canadian boat that had finished discharging after her arrival again returned with another cargo. There is no need to suspend the coasting laws for the transportation of Canadian grain. There are in existence sufficient Canadian steamships to carry all the grain that can be unloaded and moved East.

However, there is a situation that may develop where a suspension of the coasting laws is needed more for the purposes of storage than for the purposes of transportation. There may be times when it is most advisable to have large amounts of grain in storage at Georgian Bay ports, due to congestion and inability to move the crop out. Then again there are years with late harvests and big crops when it might be most necessary to arrange large amounts of floating storage at the head of the lakes. This has happened in the past, and I can see reason in permitting the coastwise privilege to foreign ships to meet such an emergency. But being an emergency, I must say that it would be only right that a duty or tax should be imposed upon a cargo moved in a foreign ship. There must be something definite that a Canadian owner can have in his mind when he puts money into an investment in the form of a new ship. He has no regular season contract business and he must at least have an exclusive arrangement reserving the coasting trade and one that cannot be easily taken away.

In the matter of duty on the gross freight of a foreign ship it would simply mean that if the rate to Georgian Bay had reached 4 cents and foreign ships were permitted to coast, the shipper would probably pay 5 cents for that foreign ship and the Government would receive 1 cent, or the shipper would

pay 4 cents and the Government would still receive 1 cent, depending on the availability of American ships, which would govern the rate they demanded.

I happened to operate vessels in the coastwise trade of Mexico during the winter of 1903-04 and 1904-5, when the lake season was closed. I found there a peculiar arrangement. The law provided that no ship except one of Mexican registry could engage in the coastwise trade, but there was a provision that foreign ships could carry cargoes between Mexican ports upon the payment of a certain tax per ton. If I remember correctly it was \$1 per ton. I never knew of such a law in any other country, but it could be applied in connection with the Canadian coastwise trade on a tonnage basis instead of a duty basis, if it were desired.

Right Hon. Mr. MEIGHEN: Is Mexico a good country to follow?

Mr. WOLVIN: I only mentioned that as an idea.

The Canada Shipping Act deals of course with the navigation laws of our country. These laws can be made most constructive nationally and now is the time when Parliament is passing this new Act. The Bill as prepared is very good, but I criticize it principally on account of the absence of constructive effort now open to Canada.

In dealing with the coasting trade one must realize that Canada has a very large coast line, I think second to no other country in the world. It has been customary for all nations to reserve to their own national vessels their coastwise trade, possibly the only outstanding exception being Great Britain. That country, mistress of the seas, has always been in a peculiar position. There are always some conditions peculiar to each country. Our great coast-line implies future possibility for the ship-building industry in Canada, which I consider to be a natural industry for this country.

On parts of the coast of Canada, outside of the inland waters, we have really only seven months of navigation, and ships engaged in the trade on that coast must for five months of the year go into competitive world trade. It would be a wonderful thing if Canada could have the opportunity to build the ships for our trade on the coast, but under present conditions we must consider the effect of the five months' competition with our more expensive operation, or the alternative of laying up these ships during the winter the same as is done on the lakes.

It would be most advantageous and protective if all the ships engaged in the Canadian coastwise trade were of Canadian registry. As with immigrants, we really do not want the immigrants unless they become Canadians. So with ships that come to participate in our domestic business we should nationalize them. With these ships on Canadian registry we have a nucleus to meet any condition. It is not always war conditions that take foreign registry ships away, but other emergencies can do that as well. A fleet registered in Canada would be under the direction and possibly the requisition of our government.

Ships used on the inland waters should be built in Canada. This would mean sufficient work in the shipyards to help in the continuing of the necessary plants for ship repairs. It would also assist in developing the country and would give us an added protection in the actual possession of facilities for ship-building. May I suggest that it is not good judgment to depend too much on others, nor upon others for too many services which we can provide ourselves. All services that we get elsewhere must be paid for in Canadian money which leaves our country. Let us keep in Canada all possible of the too few cents now paid for Canadian grain at the Atlantic seaboard.

If our coasting privileges are to be restricted in any way—and I am for restricting them—there will be good results. If it is considered that restriction is not advisable from a national standpoint, one must at least give consideration to the influences other than national that should be reckoned with. In this

traffic on the international waters it would seem only reasonable and fair that the privileges accorded to United States vessels should be reciprocal in nature and that no more should be granted to them than the United States grants to our vessels.

I mentioned the fact that the American ships that come over here are obsolete and that I have never known of a new ship being sent from the United States to this country. Canadian shipyards can build new ships in competition with the American yards, with a reasonable duty such as is on now.

Right Hon. Mr. MEIGHEN: Do you say that the duty is not high enough on the old ships?

Mr. WOLVIN: We do not want these old ships. In the end, they are not an economy to this country. They are brought here based on a low sale price of a worn-out, second-hand article, and a duty of 25 per cent is paid on that price. In the long run, however, Canadian grain would be moved cheaper by filling any increasing demand that may exist with new, big, modern, cheap carrying vessels.

Right Hon. Mr. MEIGHEN: Do you mean there is a dumping of those old vessels over here?

Mr. WOLVIN: You could not call it dumping under the Act but its effect in Canada in the long run would be serious in preventing a lowering of freight rates.

Hon. Mr. DANDURAND: How far back were the large lakers built in our shipyards?

Mr. WOLVIN: Since 1912 I suppose there have been ten large ships built, have there not, Mr. Enderby?

Mr. ENDERBY: Twelve.

Mr. WOLVIN: During that time there have been brought into Canada only two old American ships of a size sufficient to be considered in any way economical carriers, and they are not to be compared with new tonnage, such as would now be built here. The rest of the ships that came over were too old to be economically useful.

Hon. Mr. SHARPE: How many of those came?

Mr. WOLVIN: There must have been about forty.

Hon. Mr. GRIESBACH: We heard this morning that there were thirty out of forty-seven.

Mr. WOLVIN: Yes, there would be all of that. I know at one time there were eleven in one block. I have bought a few from time to time.

Now, may I refer to building in Canada as against Great Britain? The only thing Great Britain is concerned with in the lakes is the canal-size vessel. There have been so many of these ships built in Great Britain, due to the easy payment methods that the shipyards have been able to arrange, that I do not think there is the smallest chance that it will be necessary to build another grain ship of that size for the next fifteen years. So there is nothing on the lakes for Great Britain to be interested in except special types of ships, like oil carriers, package freight vessels, cement carriers, or some other special type. If times became reasonably good, there might be from five to ten ships built a year. This would be open to ship yards in Halifax, Saint John, Levis, Montreal and on the lakes. There is plenty of builders competition for that class of boat. The cost in Canada would be a little more, but ordinarily the cost has nothing to do with the freight rates. In the long run it might have a little effect.

Hon. Mr. GRIESBACH: We were told that the cost of building in the United States was much higher than it is here.

Mr. WOLVIN: It would be pretty much the same as in Canada for a lake boat.

Right Hon. Mr. MEIGHEN: Senator Ballantyne says he built them much cheaper.

Mr. WOLVIN: He was speaking about war time. The Canadian ship yards (and they thank you all for the business) did build ships during the war for much lower prices than paid in the United States.

Hon. Mr. GRIESBACH: What do you think now?

Mr. WOLVIN: I think it would cost very much the same to build a large boat in our lake ship yards as it would cost in the United States. But there is no use figuring on new boats when those old ones that have become obsolete keep coming over here. I should like to see some provision whereby ships engaging in our coastal trade should be Canadian built. If that is not done there should be a duty placed on foreign built ships or a tax per ton on the freight they carry. Some such provision as that would help to build up our country and keep our money at home. If built in Canada we would have the ships and have the money too.

As to the shippers and the complaints they make, I may say that I have lived with them for many years. All they want is equal treatment among themselves. They can always ship grain to Buffalo on Canadian ships and there are plenty of boats to carry it there. But these boats must carry it at a living wage. They cannot carry it at a cent and one-eighth per bushel, as do American boats at distress times.

Now I wish to pay my respects to the part of the Bill that deals with transshipment at Buffalo. I am very happy to see it there. I think there was such a provision in the old law—I always did—and I think that if proper action had been taken, the grain carried between the head of the lakes and Montreal on an American vessel would have been confiscated. I am surprised that the banks were ready to lend money or collateral of this precarious kind.

I recall arguments that raged throughout this country some years ago as to whether we should build the Welland Canal or the Georgian Bay Ship Canal. I entertained on the largest lake ship of that time the Government engineers when they went West on the investigations. There were a great many reasons advanced against the building of the Welland Canal, and fear was expressed that Oswego and Ogdensburg in the United States would be developed as against Kingston and Prescott. I mentioned that the first boats that I managed that used the canals were the remnants of a U. S. Lake Ontario fleet. You may again see a U. S. Lake Ontario fleet, and very soon you will have to apply the present Buffalo transshipment situation to Oswego and Ogdensburg. When you are thinking of this present transshipment at Buffalo, think of it as at Oswego and Ogdensburg, as you must provide for the future.

Right Hon. Mr. MEIGHEN: That is to say, they may become transfer points for grain?

Mr. WOLVIN: They will. The State of New York has been working for two years at Washington to get the Federal Government to take over the canal and deepen it. The Hudson River has been deepened to Albany, where great improvements are going on and where a great elevator has been built. They are hoping to secure some of our grain. Once Albany and Oswego are developed there will not be so much demand for Kingston and Prescott, and if you let American boats carry grain to Oswego for furtherance to Montreal there will not be any business reserved for Canadian boats. Oswego and Ogdensburg are almost all the way to Montreal.

Right Hon. Mr. MEIGHEN: That is because they are so close to Montreal?

Mr. WOLVIN: Yes, and with these big United States fleets I do not think we Canadians would have much chance.

The main point that I make is that we should try to build our coasting ships in Canada, and should stop old American boats from coming over. Give the Canadian boats, Canadian sailors, and Canadian ship yards a chance to continue; keep the money here that we are sending abroad for new boats.

We need never be concerned about the supremacy of the port of Montreal. It is the leading port on the Atlantic coast, and will continue to be. But we must attend to these other things so that Montreal will not be satisfied to be the first grain port working about sixty per cent efficient but with efficiency at one hundred per cent.

Hon. Mr. McRAE: Mr. Wolvin, you referred to some of the ships coming from the United States as out of date. How much cheaper can a new, modern boat carry wheat than these antiquated ships that you refer to?

Mr. WOLVIN: Well, we will put it this way. The ship that carries 200,000 bushels of grain is an obsolete ship. Another ship with an equal crew, or may be two more men, will carry practically twice as much grain. She will be a new ship, will be easier on fuel, and will make better time. Taking it all in all, I would say she would carry the grain for from sixty-five to seventy per cent of what the other boats could carry it at. That is approximate.

Hon. Mr. McRAE: That would be one-third less.

Mr. WOLVIN: Pretty close to one-third less.

Hon. Mr. McRAE: Am I right in assuming that our fleet at the present time is not very modern, that we have many old boats that, from the standpoint of economy, should be withdrawn.

Mr. WOLVIN: You have sufficient modern ships to carry all the grain. All you need is despatch. The trouble here is that these boats sell storage instead of transportation. A ship is nothing but a contractor, he contracts to do something he thinks he can do within a certain number of days, and if he is tied up he loses.

Hon. Mr. McRAE: Where do the tie ups occur?

Mr. WOLVIN: At the unloading points.

Hon. Mr. McRAE: At Montreal?

Mr. WOLVIN: At Montreal and other points. Montréal congests and the grain backs up.

Hon. Mr. DANDURAND: I have seen a big laker, the Wolvin. What is her tonnage?

Mr. WOLVIN: She is a small boat now. She is about 532 feet long and has a beam of 56 feet. Her capacity is 10,000 tons. What is the Lemoyne, Mr. Enderby?

Mr. ENDERBY: 636 feet by 70 feet beam.

Mr. WOLVIN: There are plenty of 15,000 ton boats. This shows how rapidly things progress. The Wolvin is not obsolete to-day; she was built just at the time the big change came, when they opened up the decks so that those big unloading grabs can go down into the hold and take out all the cargo without shovelling, and spouts can be run into hatches which are at twelve-foot centres instead of twenty-four foot centres. In addition to the heavier cost of carrying grain on the old boats, it would cost five to ten cents a ton more to take coal and ore out of an old boat than it would to take it out of a modern boat.

Hon. Mr. McRAE: In order to avoid this congestion at Montreal do you think there should be more storage?

Mr. WOLVIN: No. I think we already have more than we need. There is a difference of opinion on that.

Hon. Mr. McRAE: What could be done to avoid this undue congestion?

Mr. WOLVIN: Well, we should stop trying to take everything down to the seaboard where the foreigner can buy it on a minute's notice. You are giving too much accommodation. First thing you know you will have a Grain Exchange in Montreal trading in grain at Montreal. The place for our grain is in Kingston and west. Of course we need a good portion at Montreal, but I do not think we need any such quantities as we have had down there. This would give steamship men and shippers a better chance to do business intelligently.

Hon. Mr. DANDURAND: I remember seeing a string of boats from the lakes tied up at the port of Montreal for days and days.

Mr. WOLVIN: That used to hurt me very much. Talk about extravagances of the past few years—thirty or forty ships lying there for thirty days, for nothing but storage, seemed to me one great waste.

Hon. Mr. DANDURAND: Was that grain already sold?

Mr. WOLVIN: It was not sold. It might have been sold for shipment sixty days later, but instead of paying storage on it at the elevator it was in the boats.

Hon. Mr. GRIESBACH: You are advocating the exclusion of Americans from coastwise shipping, and the imposition of a heavy duty on foreign built ships?

Mr. WOLVIN: If we want to continue to give ships built within the British Dominions the right to register and take part in the lake trade, then I say they should pay a duty. Ships are the only commodity coming into Canada, paying their own way, and then enter free of duty.

Hon. Mr. GRIESBACH: If we had those two things how would it affect the freight rate to the producer? Is he going to have to pay more for his freight rates or not?

Mr. WOLVIN: I do not think so. There are so many ships now, and competition is so keen, it will be very difficult to see any increased rate due to this. We have opened up Vancouver. That has taken a big load off the Great Lakes during the last two months of the lake shipping season, which is the time of our peak load. You have a route through Vancouver, one through Hudson Bay, one through Montreal and one through United States Atlantic ports. They are all going to continuously compete to make the through rates. A few boats on the lakes cannot monopolize or hold a rate. Those routes are in competition all the time. There will come a time when Canadian owners will get profitable rates again. They need them. They are entitled to get and I hope they soon will get some real earnings to cover their bad years.

Hon. Mr. GRIESBACH: Of course, that is the big question, whether, if these things are done, they will result in an increase of rates which the producer claims he will bear.

Mr. WOLVIN: I do not think they will. The difference in the cost of the ship is infinitesimal when spread over the tonnage it carries. It amounts to very little.

Hon. Mr. SHARPE: Why did the Government have to suspend the coasting laws in 1923?

Mr. WOLVIN: I don't just recall 1923. They have been suspended twice. I was not in touch with the matter in 1923.

Hon. Mr. GRIESBACH: They are suspended now.

Mr. WOLVIN: The coasting laws are suspended now?

Hon. Mr. GRIESBACH: Yes. American ships are engaged in our coastal trade.

Mr. WOLVIN: They are only in violation of the law, in my opinion. There was congestion one fall and freight rates went up because there was not going to be sufficient tonnage—I am sure it was old contracts the shippers had—and they got American boats and lined up behind the Canadian boats. It was a case of saving the shippers loss. We would have carried just as much grain with the Canadian boats alone. But when it comes to storage, sometimes there is a need for tonnage.

I have never known the Canadian vessel owners to raise any great objection to vessels coming in at such a time, but I think something should be paid for the privilege. I can remember only once that we had winter congestion at Port Arthur and Fort William. It was said that a large number of ships were needed, that one hundred were wanted. I arranged for many of them all at once. One company sent a small fleet with the idea of rendering service. They received reasonably good rates. It was felt that there was going to be a need up there for that class of winter storage, and these U.S. boats were all loaded and were given permission to discharge at Canadian ports. Out of the lot, I do not think more than three or four discharged at Canadian ports. In the spring the traffic all moved out in the usual way.

The CHAIRMAN: Are there any further questions?

We have some other witnesses here who want to give evidence along the line of what we have already heard; on the other hand there are representatives who desire to speak with reference to the regulations regarding pilots and pilotage. I should like to ask those men if they would object to our continuing along the present line and taking up pilotage afterwards?

Mr. PIERRE CASGRAIN, M.P.: That is satisfactory to us, Mr. Chairman.

The CHAIRMAN: Now we will ask Mr. Boyd, who represents the Bay Port Elevators, to give us some information.

Mr. LESLIE H. BOYD: Mr. Chairman and gentlemen, I am here to support the memorandum which Mr. Campbell spoke of yesterday, in connection with the position of the Bay port elevators. I happen to be operating an elevator at Collingwood, with a capacity of 2,000,000 bushels. The Georgian Bay elevators as a whole have a capacity of about 28,000,000 bushels. Now, if we could have more grain moving through the Bay than we have been receiving in the past few years, it would keep our facilities operating most of the year; and if we got a continuous movement or a transfer movement through those houses, we would be able to reduce the tariff as a consequence. As it is now, with the movement only commencing in the latter part of the summer or the early fall, prior to the close of navigation, very few months are left within which we can do business.

Some of these elevators have been built for many years, and I would like to point out to the Committee that at the time they were built we did not have the alternative Vancouver route. When the Vancouver elevator was first built I happened to be chairman of the Grain Commission, and the grain that moved through Vancouver into the elevator there amounted to only 100,000 bushels the first year. That business has steadily grown, and six or seven years ago the elevators there handled almost 100,000,000 bushels. This year it looks as if the Vancouver elevators will handle about 130,000,000 bushels of our crop.

Now, I should like to say firstly, that when the grain started to move to Vancouver it moved only from Alberta; but the line has gradually crept eastward until at the present time the movement to Vancouver reaches as far east as Regina. So that with a dividing line almost dividing the Prairie provinces in two, the Vancouver port has taken away from the movement of grain to the east practically half the crop each year. That leaves the Georgian Bay elevators in a very critical position to-day. We feel that unless something

is done to bring to the Georgian Bay that grain which naturally belongs to it, instead of having it pass through Buffalo, the position of the Bay elevators is going to be very serious.

I may say that in conjunction with those elevators at the Bay, we link with ourselves both the Canadian Pacific and the Canadian National Railways, because without their assistance our elevators at the Bay cannot move our grain further east. So with the co-operative movement between the Bay elevators and the railways, we are quite satisfied that with the capacity we have got and with the continuous transfer movement we can very well take care of the Canadian crop; that is, including, I mean, the movement through Montreal proper.

Now, as Mr. Campbell has told you, the suggestion in this Bill is very satisfactory and acceptable to the Bay elevators. We feel it is only fair that we should get this protection.

Right Hon. Mr. MEIGHEN: What is the provision that affects the Bay elevators?

Mr. BOYD: We feel that if this coastal regulation is enforced it will have a tendency to bring more grain to the Bay elevators during the summer and early spring, which we have not got now.

Right Hon. Mr. MEIGHEN: I am not just clear why it will. I hope it will.

Mr. BOYD: We feel that.

Right Hon. Mr. MEIGHEN: Just why?

Mr. BOYD: We feel that if this regulation, which says that this grain must move—I am not referring to the six cent preference, because that is a question entirely by itself—but we feel that this prohibition on an American bringing grain to Buffalo, unloading or transferring to another American vessel, and taking it to Montreal, will have a tendency to bring more grain to the Bay ports and transfer it by rail to Montreal and east to Saint John and Halifax in winter.

Right Hon. Mr. MEIGHEN: You say you feel that. I hope your feelings are true and faithful to the facts. But why would it do so? I cannot get that in my head.

Mr. BOYD: There is a natural movement to Buffalo, senator.

Right Hon. Mr. MEIGHEN: Yes.

Mr. BOYD: There is, I might say, an unnatural movement to the Bay port elevators and transfer by rail. If we can get a water and rail route from the Bay port elevators to Montreal and to Saint John and Halifax which is a competitive rate, we feel that the Bay elevators will benefit that much.

Right Hon. Mr. MEIGHEN: Sure they will; but that is not in this Bill.

Mr. BOYD: But the coastal law regulation is going to affect us. That is our feeling, anyway. Whether that will work out in practice or not, we hope and feel that it will.

The CHAIRMAN: Is it because the American boats cannot take the grain first to Buffalo and later on down to Montreal, therefore that grain would not go to Buffalo, but to a Bay port elevator?

Mr. BOYD: Yes, we feel that. Whether in practice it will work out or not remains to be proved.

Yesterday Senator Meighen referred to the regulation and its effect on the movement of grain through Montreal. From my experience on the grain commission for several years, I know there was a great movement of American grain through Montreal, and one year I think some 90,000,000 bushels moved through. There was a peculiar reason for that movement. At that time there was a big demand in Germany for a particular kind of barley. They called it a malting

barley, but it was really barley taken over there for hog feed. There was also a big demand for off grade Amber Durum wheat, which was brought to Montreal by American shippers because, in the first place, the water route from Chicago and Duluth was cheaper, and, secondly, they found by bringing it into Montreal they could get seaboard inspection, which was a more favourable inspection, being an inspection as to milling value rather than the inspection they had to take out of New York, which was a mechanical inspection. I know these facts because I made an investigation. That is the reason why a large quantity of that trade moved through Montreal. The trade fell off for some reason, but I feel Montreal will get that business back again if it returns, because it is the best route as between New York and Montreal.

Hon. Mr. McLENNAN: In the old days a great deal of corn was shipped out of Montreal, one of the advantages being the cooler route rendered the corn less liable to heat.

Mr. BOYD: Yes, it is the cooler route, senator, and they took advantage of that because the grain has less tendency to heat going in that direction.

Hon. Mr. McLENNAN: Has that trade all disappeared?

Mr. BOYD: No, there is quite a little corn moves through, but the importation of South African and Argentine corn, which comes around now into Montreal, has offset that. To-day in Montreal there are quite a few bushels of Argentine corn, but South African corn is at a premium. I understand to-day there is a firm looking for a boat which has 220,000 bushels of South African corn on it. The boat is on its way to England. They are trying to divert it to Montreal.

Hon. Mr. GRIESBACH: Why should it go to Montreal?

Mr. BOYD: It is sold out through the West. It is brought out this way.

The CHAIRMAN: It is a stock feed.

Mr. BOYD: Yes.

Right Hon. Mr. MEIGHEN: Do you mean to say they bring in corn from South Africa to feed stock in Western Canada?

Mr. BOYD: I feel, senator, that they must really use that corn for other purposes.

The CHAIRMAN: Eventually the hogs eat it.

Mr. BOYD: Yes, as mash.

Right Hon. Mr. MEIGHEN: Mr. Boyd, you were chairman of the Grain Commission for some years?

Mr. BOYD: Yes, twelve years.

Right Hon. Mr. MEIGHEN: In your opinion, will the putting into effect of this definition as to coastal traffic, thereby reserving to Canadian vessels the Fort William-Buffalo-Montreal trade, have a tendency to raise rates on the lakes as against the producer?

Mr. BOYD: I do not think so, senator. My reason for saying it is this. There is, as you know, a statute The Inland Water, Lake Freights Act, which gives the Grain Commission the right to regulate those rates and fix a maximum rate. If the Grain Commission passes a maximum rate, it makes no difference how low it goes, and that power is there. If the Act is not sufficient, practically, it can be made so.

Right Hon. Mr. MEIGHEN: It was in effect when you were chairman.

Mr. BOYD: Yes, it came into effect during my time.

Hon. Mr. DANDURAND: In 1923?

Mr. BOYD: Yes.

Hon. Mr. DANDURAND: Tell us why it was suspended.

Mr. BOYD: Why the Act was suspended?

Hon. Mr. DANDURAND: Yes.

Mr. BOYD: Was it in 1923—

Right Hon. Mr. MEIGHEN: Yes. The fall of 1923. A very strong coasting law had recently been passed.

Hon. Mr. DANDURAND: There was a crisis, and I think the American boats were involved.

Mr. BOYD: If that is the explanation you want, I will give it. When the Act was passed—I think Senator Meighen knows this very well, too—it was found impractical in that it applied to an international situation; that is, the fixing of rates on the Great Lakes could only be applied to Canadian vessels, and the American vessels refused to abide by it.

Right Hon. Mr. MEIGHEN: That is the point.

Mr. BOYD: It was found necessary to clear up the situation, because it became very serious when the American boats would not come in. We had a big crop, the movement was on, and these boats refused to come in.

Hon. Mr. DANDURAND: Because you were fixing a maximum rate?

Mr. BOYD: No, but the Act said that every vessel owner had to file his tariff with the Board of Grain Commissioners. Now, the American boats said, and they told me themselves, "We will not agree to that because we have never submitted to the Interstate Commerce Commission, and if we agree to that Canadian statute the Interstate Commerce Commission will say, 'come in under us.'" At that time they were not, and that was the reason.

Right Hon. Mr. MEIGHEN: I see. The result was that the American competition was driven out even as respects rates from Fort William to Buffalo.

Mr. BOYD: Yes, because they would all have to file their tariff.

Right Hon. Mr. MEIGHEN: Yes. It comes back to me now.

Mr. BOYD: Some arrangement was made temporarily whereby we could get the grain moving. That is all the Grain Commission was interested in, to move the crop. When we made the shipper, instead of the vessel owner file his charter, the rates had gone up to twelve and thirteen cents while the crisis was on. The moment we changed that regulation and the shipper had to file his charter, the rates dropped to six or seven cents, and dropped quickly.

Right Hon. Mr. MEIGHEN: If this traffic is reserved for Canadian vessels, do you think the protection afforded the western producer by the Grain Commission will be really effective?

Mr. BOYD: I do, sir.

Right Hon. Mr. MEIGHEN: Do you think it will be necessary? Do you think the competition of the Buffalo route will be a sufficient controlling factor?

Mr. BOYD: I do not think if the regulations as proposed in this Act are adopted the farmer need fear there will be a rise in rates.

Right Hon. Mr. MEIGHEN: Will there be a rise at all?

Mr. BOYD: I do not think so. I really feel that. I am entirely disinterested now, and I honestly feel from my experience that Canadian ship owners operating on the Great Lakes will not attempt unduly to raise rates.

Right Hon. Mr. MEIGHEN: How can they raise rates in respect of any shipment if the shipper can ship his wheat via Buffalo and New York at his option by American boats?

Mr. BOYD: There is a statute which says that the shipper has to file his charter rates. Those charter rates have to be filed with the Grain Commission every day. Every day the Grain Commission knows what charters have been

made and at what rates. I know in my time after the statute was in effect we checked them every day, and if there was an undue rise we made an inquiry for the reason. I feel that the effect of the Act was to hold the rates down to a fair and reasonable basis. I believe to-day that that Act is applicable.

Hon. Mr. McLENNAN: Is it applied?

Mr. BOYD: When necessary. I know that when I was in Winnipeg last fall—at the time of which I think Mr. Bredt was speaking—I think the Grain Commission advised the boats that that rate was high enough and had to go down. I think Mr. Bredt mentioned it.

Right Hon. Mr. MEIGHEN: That was last fall?

Mr. BOYD: Yes. I happened to be in Winnipeg just on that day.

Right Hon. Mr. MEIGHEN: I suppose the case of the American boats seeking distress cargoes, and the consequent temporary reduction in rates that would take place in that event, will not be possible under this Bill?

Mr. BOYD: I do not think so.

Right Hon. Mr. MEIGHEN: Then in individual cases there would be a loss to the producer, would there not?

Mr. BOYD: The only loss to the producer would be if there was not sufficient Canadian tonnage to move the crop. Of course, as you know, senator,—

Right Hon. Mr. MEIGHEN: We know there is.

Mr. BOYD: Yes. But at a particular season of the year when the crop starts to flow to Fort William and certain shippers of grain want to move it to an east point, or to put it in a forward position, as Mr. Smith said, there may be a demand for a lot of tonnage, as there is always a like demand for anything else during a certain period of time. At that time there may be a demand for tonnage which cannot possibly be supplied. But I have sat here for the last two days listening to this discussion, and I have come to the conclusion that the producer would not suffer any injury by an increase in rates by the putting into effect of the proposed Act that you are discussing here.

Right Hon. Mr. MEIGHEN: Do you think, though, it would result in a less quantity going via the American Atlantic ports?

Mr. BOYD: I feel from my experience that that would result.

Right Hon. Mr. MEIGHEN: It would be better for our own eastern ports?

Mr. BOYD: I think so. That is the only way in which Halifax and East Saint John are going to benefit.

Hon. Mr. McLENNAN: We hear a good deal from the President of the United States about reciprocity and more favourable trade relations with other countries. What effect would that have on a proposal by them to put their coasting laws on as favourable a basis for Canadian ships as our coasting laws at the present time are for American ships?

Right Hon. Mr. MEIGHEN: We should be glad to have that.

Mr. BOYD: I do not know what effect it would have, but anything reciprocal under which Canada is going to benefit, I think we ought to be glad to have.

Hon. Mr. GRIESBACH: Has Mr. Boyd anything to suggest as to what the situation would be if the St. Lawrence waterway is carried out; how would that affect the situation?

Mr. BOYD: You mean in what respect, senator?

Hon. Mr. GRIESBACH: If the canalization of the St. Lawrence river is completed, and ocean-going ships can come up to the head of the lakes if they want to—I do not say they will—would that affect the general rate situation on the lakes?

Mr. BOYD: It is only my opinion, senator, but I will give it to you for what it is worth. I do not think you will find any ocean-going boats coming up the canal, because I do not think it will be profitable for them to do so. In the first place, these ocean-going boats cannot be built the way our lake carriers are built. Our lake carriers are nothing but great big hulks, whereas ocean-going boats have to have between decks to stabilize them. So it will not be profitable for those ocean-going boats to come up to load and unload grain, because it costs too much to trim it and to load and unload it.

Hon. Mr. GRIESBACH: The light boats will go down to Montreal?

Mr. BOYD: Yes.

Hon. Mr. GRIESBACH: Will that affect the situation?

Mr. BOYD: The Georgian Bay situation, but I do not think it will affect the other situation.

Hon. Mr. CASGRAIN: The ocean boat is so much heavier.

Mr. BOYD: Yes, and I cannot see how those boats can move up to the docks. The water would have to be deepened at the docks, all your facilities would have to be changed.

Right Hon. Mr. GRAHAM: The St. Lawrence project is more a power than a navigation project.

Mr. BOYD: It is—a great part of it, anyway.

Right Hon. Mr. MEIGHEN: You have not said anything about the Hudson Bay route as a rate controlling factor, Mr. Boyd.

Mr. BOYD: I am only giving my own opinion now, Senator Meighen. The Hudson Bay route as a factor can only be gauged when the grain moves through the Hudson Bay elevator and its facilities on the same basis as it moves through the other competitive elevators. To-day it does not do that. To-day they get free storage—I do not know whether they get free elevation—which the other elevators do not get. I think as a comparison to-day the time is not ripe to judge it.

Right Hon. Mr. MEIGHEN: Is there any grain moving even with the free storage?

Mr. BOYD: No, there is only capacity, as I understand it, of 2,000,000 bushels at Hudson Bay, and there is only a certain period of navigation when boats can come in. If you get your grain there after the last boat goes out, you will have to pay one cent per bushel per month on your grain, and that for nine months is nine cents. I do not know any company that would want to keep its grain there for that period of time. You may say to me that Montreal is closed for five months of the year. That is true. But in regard to the Hudson route there is uncertainty yet as to the facilities both in the way of boats and, as one witness mentioned the other day, insurance. There are so many factors entering into the question of the Hudson Bay route that I do not think to-day you can put it on a comparative basis at all with Montreal, Georgian Bay or Vancouver.

The CHAIRMAN: Any further questions? I thank you, Mr. Boyd.

Is Mr. Gordon P. Campbell here? He is said to be representing the Norris Grain Company, Limited.

GORDON P. CAMPBELL (representing the Norris Grain Company, Limited): Mr. Chairman, I have a telegram from Mr. C. C. Field, President of the Norris Grain Company, who are very large shippers of grain and members of the exchange. I will file a copy of the telegram. It reads as follows:—

NEW YORK, N.Y. 12.10 p.m.

G. P. CAMPBELL,
Chateau, Ottawa.

In connection with proposed new Shipping Act I authorize you to express my views which are as follows Quote I favor the protection of Canadian ship owners provided these interests will haul the water borne grain from Lake Superior at fair and equitable rates as these ships are hiring Canadian labour and purchasing all their supplies and equipment for operation in Canada and are therefore entitled to the same protection as other industries STOP It is very evident that some protection must be afforded Canadian ships otherwise this industry will go into decay in fact practically all Canadian Shipping Companies in past few years have suffered very heavy losses STOP I would point out that the competition of American tonnage on the Upper Lakes is quite unfair as owing to their profitable ore and coal contracts which are not available to the Canadian tonnage they can afford at certain times of the year to carry grain below cost on account of the aforementioned ore and coal contracts STOP To my mind it is essential that the Canadian Shipping interests be allowed to exist under fair and equitable conditions STOP I might also mention that in addition to the unfair competition by United States Lake tonnage the Canadian water transportation business has been badly injured by the excessive amount of grain which has been diverted by the Canadian Railroads to Vancouver as against the movement via Fort William STOP The Canadian Shipping industry has provided in recent years ample carrying capacity to move a much larger amount of grain than has been available at Fort William also terminal facilities everywhere from Fort William east have been greatly increased during the past few years so that this industry is now geared up for much greater volume than has been available during the past few years and unless this business is provided this industry can never exist.

C. C. FIELD NORRIS GRAIN CO. LTD.

Winnipeg, President.

Right Hon. Mr. MEIGHEN: The Norris Company are shipping grain, but are they in the shipping business itself?

Mr. CAMPBELL: No, they are not, sir.

Right Hon. Mr. MEIGHEN: They are not on the Council of the Grain Exchange, apparently?

Mr. CAMPBELL: Well, I do not know what their position is on the Grain Exchange, except that they are members.

Hon. Mr. CASGRAIN: They are a big concern.

Mr. CAMPBELL: Yes. I might say that I spoke to Mr. Field on the telephone and he expressed the feeling after considering the provisions of the Act that Buffalo is not cut off at all from the movement, that is to say that when they ship grain from Fort William or Port Arthur and they do not know whether it is going to move through Montreal or through New York, they can still move it in Canadian vessels and when they get it to Buffalo they can move it either way. They also feel that the Bay ports are offering very good facilities for the storing of grain. As a matter of fact, I think they have stored during the past winter between seven and eight million bushels of grain at Bay ports. As I say, they do not feel that the provisions of this measure will cut off that Buffalo movement in the least.

As to the possibility of increase in rates they feel of course that the rates should not be increased. At the same time Mr. Field pointed out that we are

dependent upon the Canadian tonnage to move the grain, and it is only in certain seasons of the year that American tonnage will come in. Therefore unless the Canadian ships are supported so that they can operate, the situation would work to the great disadvantage of the shippers in the end.

The CHAIRMAN: We have now heard all those who have come here to speak to us on this phase. If it is your pleasure, we will next hear representatives of the pilotage interests. Mr. Jean St. Germain is here representing the pilots of the Montreal district.

Mr. JEAN ST. GERMAIN: Mr. Chairman and honourable members, I have made up a memorandum, and you will notice that it does not contain any suggestions for radical changes in the Bill as drawn. The object is principally to refer to what we consider are discrepancies. First I should like to refer to article 3, paragraph 70, on page 8 of the Bill. This reads:

Pilotage Authority means any existing pilotage authority and any persons authorized by the Governor in Council to appoint or license pilots or fix or alter rates of pilotage; if the pilotage authority is the Minister of Marine, it includes the Deputy Minister of Marine.

Now I will refer to article 382, which says:

Subject to the provisions of this Part, or of any Act for the time being in force in its pilotage district, every pilotage authority shall, within its district, have power, from time to time, by by-law confirmed by the Governor in Council, to

do certain things.

Right Hon. Mr. MEIGHEN: That says what the powers of the pilotage authorities will be. The first clause that you read merely said that if the pilotage authority is the Minister of Marine it includes the Deputy Minister. But they would have no more powers than are conferred on them by section 382.

Mr. ST. GERMAIN: I thought that the Minister could not give his powers to anyone else because he is governed by this article 382, and paragraph (p) of that article reads:—

to authorize the pilotage authority to delegate to any person or persons either generally or with reference to any particular matter all or any of the powers of such pilotage authority.

Right Hon. Mr. MEIGHEN: You are saying that if, for example, the Governor in Council constitutes the Minister a pilotage authority, the Minister then could not constitute the Deputy a pilotage authority?

Mr. ST. GERMAIN: I believe that the Minister himself is the pilotage authority, and it is my impression that he could not delegate his power unless duly authorized by the Governor in Council.

Right Hon. Mr. MEIGHEN: By by-law confirmed by the Governor in Council.

Mr. ST. GERMAIN: Yes, quite. But it says now that the Minister of Marine includes the Deputy Minister. Furthermore, it says here that the pilotage authority may fix or alter rates. That is covered by paragraph (h) of article 382.

Right Hon. Mr. MEIGHEN: As I understand it, you do not want the Deputy Minister to be a pilotage authority?

Mr. ST. GERMAIN: Not unless he is appointed such by by-law confirmed by the Governor in Council.

Right Hon. Mr. MEIGHEN: I do not think he can be a pilotage authority in any other way. My advise is that the Justice Department rules that the definition you read has not the effect of enabling the Deputy Minister to be

a pilotage authority and therefore in the position of the Minister. It is necessary that he be named specifically in the by-law and that this be approved by Order in Council, even if the Bill is left as it is now. The Department of Justice has ruled that, and that is the way it struck me when I read it.

Mr. ST. GERMAIN: It is a new clause.

Right Hon. Mr. MEIGHEN: We shall look into it.

Mr. ST. GERMAIN: We propose a change in paragraph (n) of article 382, to make it read as follows:—

Limit the period during which any licence to a Pilot shall be in force, elsewhere than in the pilotage district of Montreal, to a term not less than two years from its date, etc.

That is, we propose the insertion of the words "elsewhere than in the pilotage district of Montreal."

Right Hon. Mr. MEIGHEN: That is, that there should be no limit in Montreal?

Mr. ST. GERMAIN: Yes, that is the object, and I will explain why. There is a pilot fund created by the Minister in Montreal.

Right Hon. Mr. MEIGHEN: On account of the existence of that fund you say it would not be fair to limit the licences to two years in Montreal?

Mr. ST. GERMAIN: Yes. Furthermore, I humbly submit to this honourable body that if it is a case of checking on the pilots, this is already provided for because every year at about this season the pilots are submitted to a very strict examination of eyesight, hearing, so on, and there is a record of their conduct.

Hon. Mr. CASGRAIN: When you speak of the Montreal pilotage district, do you mean from Montreal and westward or between Montreal and Quebec?

Mr. ST. GERMAIN: I mean between Montreal and Quebec, but I do not include Quebec because that is already excluded by paragraph (1). I believe the pilotage district of Quebec was founded before Confederation, and they have laws of their own.

Hon. Mr. CASGRAIN: There are pilots west of Montreal.

Mr. ST. GERMAIN: No.

Hon. Mr. CASGRAIN: I do not know where they come from, but pilots are obtained west of Montreal.

Hon. Mr. McLENNAN: But there is no pilot board there.

Mr. ST. GERMAIN: May I now draw your attention to article 398? We would like to see this changed to read as follows:—

Every pilot compelled to retire under the provisions of this part on account of age or of mental or bodily infirmity and every widow and child of a deceased pilot shall be entitled to the pension or assistance granted to him or her out of the pilot fund of such district by the pilotage authority, pursuant to the by-laws made under this part.

Here there is discretionary power left to the pilotage authority, and we think that he cannot have this discretionary power on account of article 382.

Right Hon. Mr. MEIGHEN: What you say is that instead of the pilotage authority being able to fix the pension, the pilot should be entitled to such pension as he would have by virtue of by-law confirmed?

Mr. ST. GERMAIN: Yes.

Right Hon. Mr. MEIGHEN: I am not clear why it is put in the way it is in the Bill.

Mr. HAWKEN: It is section 439 of the Canada Shipping Act as at present.

Right Hon. Mr. MEIGHEN: I suppose the pilotage authority always has given certain definite amounts, according to the earnings of the pension fund.

Hon. Mr. GRIESBACH: There must be a regulation.

Mr. ST. GERMAIN: Every pilotage authority is governed by a by-law, as far as the distribution is concerned.

Right Hon. Mr. MEIGHEN: And the pilotage authority has just followed the by-law in the past?

Mr. ST. GERMAIN: Exactly.

Right Hon. Mr. MEIGHEN: But you do not want the pilotage authority to be in the position in the future where he can follow it or not follow it as he likes?

Mr. ST. GERMAIN: That is right.

Then article 416 as it appears in the Bill reads:

The following ships shall, subject to the next following sections, be exempt from the payment of pilotage dues:

(a)

(b)

(c) Ships of any nationality, used exclusively for pleasure, of not over one hundred feet in length and not over nine feet in draught.

We suggest that this should be reduced to seventy feet in length and seven feet in draught.

Right Hon. Mr. MEIGHEN: Perhaps we are bound to that one hundred feet by the Commonwealth Convention?

Mr. HAWKEN: No sir.

Right Hon. Mr. MEIGHEN: Your argument is that a ship of seventy feet or more really requires pilotage?

Mr. ST. GERMAIN: Yes, because very often those pleasure ships come down in the channel, which is only about 450 feet wide in some places, and they do not know much about the St. Lawrence in that part. There are some pilots here who have experienced very many difficulties on account of those people.

Hon. Mr. L'ESPERANCE: What is the present law?

Mr. PIERRE F. CASGRAIN, M.P.: Section 457 of the Canada Shipping Act, which states what ships shall be exempted, makes no reference to pleasure ships.

Hon. Mr. GRIESBACH: What about pleasure ships?

Hon. Mr. CASGRAIN: I do not see anything there.

Mr. ST. GERMAIN: It is new.

Hon. Mr. L'ESPERANCE: We have some pilots here. They might tell us what the rule is.

Right Hon. Mr. MEIGHEN: They all had to be piloted up to now.

The CHAIRMAN: No.

Mr. PIERRE CASGRAIN: Apparently they had to be.

The CHAIRMAN: That is if they came from foreign countries, but not if they came from the provinces.

Mr. PIERRE CASGRAIN: Oh, no.

Right Hon. Mr. MEIGHEN: I should like to hear Captain Robertson explain that to the Committee.

Captain G. E. L. ROBERTSON (Director of pilotage): The reason we put this into the Act now is that heretofore we had many American yachts coming around, and we felt that we should encourage them, because they bring money into the country. We never had the power by law to do it, but we did it, and now we want you to give us that power, and we have arbitrarily struck on vessels not exceeding one hundred feet in length. If it is thought advisable that figure could be reduced or increased. The idea was to give American yachts the privilege of coming in. They are too small to give us any money for pilotage.

Hon. Mr. McLENNAN: Do they not carry pilots anyway?

Mr. ST. GERMAIN: I think so.

The CHAIRMAN: Any person coming up the St. Lawrence for the first time would take a pilot for his own peace of mind.

Hon. Mr. GRIESBACH: The point is that the ship might be a menace to navigation.

Mr. ST. GERMAIN: That is the way we feel about it. That is what the pilots feel.

Hon. Mr. GRIESBACH: Is it a serious matter?

Mr. ST. GERMAIN: It is very serious. Some of the pilots have had the experience of meeting these vessels.

Hon. Mr. GRIESBACH: You do not consider that not hiring a pilot is a menace in itself, but is there any danger to the traffic in the river by reason of these fellows barging around?

Mr. ST. GERMAIN: There is.

Hon. Mr. DANDURAND: Have there been any accidents?

Mr. ST. GERMAIN: I do not know of accidents, but I have been told that last summer there was a yacht in the St. Lawrence, between Montreal and Quebec, which was a pleasure yacht in every sense of the word. I do not know what nationality it was.

Right Hon. Mr. MEIGHEN: What was on board?

Hon. Mr. GRIESBACH: Were you on board?

Mr. ST. GERMAIN: I don't know what was on board, but apparently they yelled at the pilot of one of the big boats that passed by "Couldn't you see us?" I don't know whether their lights were going or not. Anyway, there was a very close call.

Hon. Mr. CASGRAIN: There is no objection to reducing the size of the boat. A one hundred foot boat is quite a large boat.

Right Hon. Mr. MEIGHEN: We will look into that.

Mr. ST. GERMAIN: Article 433: As far as this article is concerned, I think we have come to a certain agreement with the Department of Marine and the Department of Finance. The article reads as follows:

All superannuation, retirement and annuity funds in pilotage districts for which the Minister is the pilotage authority, except the pilotage district of Quebec; or any other pilotage district which may so elect, after sanction by the Governor in Council; shall be administered by the Ministers of Marine and Finance and any funds on deposit with the Receiver General shall draw interest at the rate fixed by that Department from time to time.

Right Hon. Mr. MEIGHEN: What department?

Mr. ST. GERMAIN: We want to draw your attention to that question. We do not know to which department it applies, whether Finance or Marine. We want to make it one of the two.

Right Hon. Mr. MEIGHEN: You prefer the Finance Department, I suppose?

Mr. ST. GERMAIN: We have no preference. As a matter of fact, we leave it to you. Besides, we want to add to this article, after the words "from time to time" a clause which will provide for the reinvestment of the moneys.

Right Hon. Mr. MEIGHEN: Yes. I have that in your memorandum.

Hon. Mr. McLENNAN: The definition clause says "'department' means the Department of Marine of Canada."

Right Hon. Mr. MEIGHEN: But this says "that department" not "the department."

Mr. ST. GERMAIN: Article 654: There is a question of interpretation in regard to this. It pertains to the words "a court of summary jurisdiction." We could not see exactly what that meant.

Right Hon. Mr. MEIGHEN: It has no meaning in the province of Quebec. We will have to see if we cannot make another description that will be applicable to the province of Quebec.

Mr. ST. GERMAIN: Now, the same article says:

If the court find that the loss or abandonment of, or serious damage to, any ship, or loss of life, has been caused by his wrongful act or default, provided that, if the court holding a formal investigation is a court of summary jurisdiction, that court shall not cancel or suspend a certificate unless one at least of the assessors concurs in the finding of the court.

We are all in favour of this. Of course, we did not know what a court of summary jurisdiction meant, but in every case we would like one of the assessors to concur with the court.

Mr. PIERRE CASGRAIN: In section 388 there is authority given in paragraph (e) to grant certificates and licences. I think the powers are sufficient, because it says:

fix the terms and conditions of granting licences to pilots and apprentices, the terms and conditions of granting such pilot certificates as are in this part mentioned to masters and mates, and to settle the form of such licences and certificates and the fees payable for such licences and certificates, and to regulate the number of pilots.

In clause (n) the period of the licence is mentioned, and in (o) the manner of renewal of such licence for a period of years.

Right Hon. Mr. MEIGHEN: That is covered in the memorandum?

Mr. PIERRE CASGRAIN: Yes. So I think (n) and (o) could be eliminated, because the full powers are given in subclause (e).

The Committee adjourned until to-morrow morning at 11 a.m.

THE SENATE OF CANADA



PROCEEDINGS

OF THE

STANDING COMMITTEE

ON

BANKING AND COMMERCE

ON

BILL J—An Act respecting Shipping in Canada

No. 3

The Honourable FRANK B. BLACK,
Chairman

WITNESSES:

Mr. Frederick Dorion, representing the pilots of the Quebec district.
Captain G. E. Robertson, Director of Pilotage, Department of Marine,
Ottawa, Ontario.
Mr. W. Langlois, President of the Quebec Pilotage District.
Captain Mitchell, Halifax, Nova Scotia, Superintendent of Examiners,
Department of Marine.
Mr. Jean St. Germain, Montreal, Quebec, representing the pilots of the
Montreal District.
Mr. A. L. W. MacCallum, Montreal, Quebec, representing the Shipping
Federation of Canada.
Mr. W. H. Duthie, Montreal, Quebec, representing the Canada Steamship
Lines.
Captain E. A. Landry.

OTTAWA

J. O. PATENAUDE, ACTING KING'S PRINTER

1933

STANDING COMMITTEE ON BANKING AND COMMERCE

The Honourable FRANK B. BLACK, Chairman

The Honourable Senators:

Aylesworth, Sir Allen.	Horsey.	Riley.
Ballantyne.	Hughes.	Schaffner.
Beaubien.	King.	Sharpe.
Beique.	Laird.	Sinclair.
Black.	Lemieux.	Smith.
Brown.	L'Esperance.	Stanfield.
Casgrain.	Little.	Tanner.
Dandurand.	McGuire.	Taylor.
Dennis.	McLennan.	Tessier.
Fisher.	McMeans.	Webster.
Foster.	McRae.	White (<i>Inkerman</i>).
Gordon.	Meighen.	White (<i>Pembroke</i>).
Graham.	Murphy.	Wilson (<i>Rockcliffe</i>).
Griesbach.	Planta.	Wilson (<i>Sorel</i>).

THE SENATE

THURSDAY, April 6, 1933.

The Standing Committee on Banking and Commerce to whom was referred the Bill J, "An Act respecting Shipping in Canada," resumed this day at 11 a.m.

Hon. Mr. Black in the Chair.

The CHAIRMAN: Mr. St. Germain, did you finish your evidence yesterday?

Mr. ST. GERMAIN: Yes, thank you.

The CHAIRMAN: Mr. Frederick Dorion, representing the pilots of the Quebec district, is here.

Mr. FREDERICK DORION: Mr. Chairman and honourable gentlemen, I have prepared a memorandum containing suggestions that we wish to make to this Committee on behalf of the pilots in the district of Quebec.

Firstly, may I refer to paragraph 70 of section 3, on page 8 of the Bill. The last part of this paragraph says "If the pilotage authority is the Minister of Marine, it includes the Deputy Minister of Marine." We would like it provided that "in the pilotage district of Quebec, the pilotage authority is the Minister of Marine only." We wish to keep in the new law the provisions that we have in the present law with respect to the pilotage district of Quebec. Paragraph (e) of section 391 of the Canada Shipping Act, which is chapter 186 of the Revised Statutes of Canada, 1927, says:—

expressions referring to the pilotage authorities of the district for which pilots are licensed, as applied to pilots for and above the harbour of Quebec, mean and include only the Minister;

and section 395 of the same Act says:—

The Minister shall be the pilotage authority of the pilotage district of Quebec, and all the powers vested in the Harbour Commissioners of Quebec, previously to the twentieth day of July in the year one thousand nine hundred and five, as such pilotage authority, shall continue to be vested in the Minister.

Hon. Mr. DANDURAND: You want to exclude the Deputy Minister?

Mr. DORION: Yes.

Right Hon. Mr. MEIGHEN: The Deputy might be better than the Minister.

Mr. DORION: He might be, but we prefer to deal with the Minister.

Hon. Mr. DANDURAND: The Minister might be a changing quality.

Hon. Mr. L'ESPERANCE: Are you willing to take a chance?

Mr. DORION: Yes. We prefer to deal with the Minister himself.

Right Hon. Mr. MEIGHEN: There is no Deputy now.

Mr. DORION: Our second suggestion is in connection with section 374 of the Bill. This section states that the pilotage district of Quebec shall comprise that part of the river St. Lawrence from the western limits of the Harbour of Quebec to an imaginary line drawn from the pilotage grounds off Father Point on the south shore and the anchorage grounds off Cape Colombine on the north shore of the river St. Lawrence and so on. The proper name of the Cape is "Colombier." We suggest that the words "the pilotage grounds off Father Point on the south shore and the anchorage grounds off Cape Colombine on the north shore" be replaced by the words "Father Point Lighthouse on the south shore and Cape Colombier on the north shore." We say that there are no pilotage grounds off Father Point.

Right Hon. Mr. MEIGHEN: Perhaps Captain Robertson can tell us why the section is drawn in this way.

Captain ROBERTSON: The old Act takes the imaginary line from the Father Point shore to the other shore. We must have a line there. All ships must call at Father Point to pick up a pilot.

Hon. Mr. L'ESPERANCE: Is that in the law now?

Captain ROBERTSON: Yes, and it is on the chart too.

Hon. Mr. CASGRAIN: You want the ships to come to Father Point as they have been doing for a century or more?

Captain ROBERTSON: Yes. But we must keep our district from shore to shore.

Right Hon. Mr. MEIGHEN: I do not understand just what is suggested.

Mr. DORION: The Bill says that the imaginary line is drawn from the pilotage grounds off Father Point and the anchorage grounds off Cape Colombier. We submit there are no pilotage grounds off Father Point, and that the line should be drawn from Father Point Lighthouse.

Hon. Mr. CASGRAIN: Perhaps the difficulty is due to the use of the word grounds. To a French person that suggests land, but the word is used in the English language to indicate not only land but certain areas of water. For instance, there are grounds in the Harbour of Montreal.

Right Hon. Mr. MEIGHEN: Captain Robertson tells me that it would not do to have the imaginary line drawn from Father Point Lighthouse to Colombier, but that there must be a district within the neighbourhood of Father Point into which the ships have to come, otherwise there would be collisions. I do not know whether I have stated it properly, but that is what I understand Captain Robertson to say.

Hon. Mr. CASGRAIN: All the ships have been coming to Father Point. The river there is 26 miles wide. According to the law as it is now ships can go right up to Quebec without a pilot, if there is no pilot offering. How could a pilot staying at Father Point spot a ship 26 miles off? It would be below the water-line. That is ridiculous. Here is an amendment I want to submit:

Every incoming ship except those exempted will take on a pilot at Father Point. Penalty five hundred dollars.

Right Hon. Mr. MEIGHEN: I see some objection to the way the section reads now. It says the imaginary line shall be drawn from the pilotage grounds off Father Point. Now, pilotage grounds are an area, and you cannot draw a line from an area but only from a point in an area. It may be necessary to say from some particular point on the pilotage ground.

Captain ROBERTSON: It is a technical term used by shipping men. It has been understood and has worked out satisfactorily. We must not confine ourselves to any close place, otherwise there may be as many as twenty ships coming to one spot in a day, and there would be the possibility of collisions.

Hon. Mr. DANDURAND: Nevertheless, all the ships must draw near to Father Point to pick up their pilots.

Captain ROBERTSON: I have a book here which is used by mariners all over the world. We issue a notice to mariners and it is sent to the Admiralty in London, and they spread it around through their notices. Every ship that traverses the high seas knows that the pilotage station is Father Point.

Mr. DORION: We want it stated in the law as well as in that book. What we are saying is that there are no pilotage grounds, the law does not define them. We want the law made clear.

Right Hon. Mr. MEIGHEN: I am inclined to agree with Mr. Dorion. A line should be described from one point to another.

The CHAIRMAN: Now that we have heard what the witness has to say about this, I suggest that we consider the matter later when we are going over the Bill in detail, and that we ask the witness to pass on to his next point now.

Mr. DORION: In section 375 the pilotage district of Montreal is defined as follows:—

The pilotage district of Montreal shall comprise that part of the river St. Lawrence from the eastern end of the Lachine Canal to the eastern limit of the harbour of Quebec together with those parts of all rivers, waters, harbours, creeks, bays and coves within the said limits.

The district of Quebec starts from the western limits of the harbour, but this section says that the district of Montreal shall extend as far as the eastern limits of Quebec harbour. That would mean an overlapping of the two districts.

Hon. Mr. CASGRAIN: A Montreal pilot can bring a ship up from Quebec.

Mr. DORION: That is covered by subsection (2) of section 406. We do not want the Montreal pilots to have the same rights in the harbour of Quebec that the Quebec pilots have; and I may say that the Montreal pilots do not oppose our suggestion that the Montreal district should extend only to the western limits of the harbour of Quebec.

Mr. ST. GERMAIN: We do not object to that. On the contrary, we think the word "eastern" was put there in error, and that it should be "western."

Captain ROBERTSON: No.

Right Hon. Mr. MEIGHEN: Captain Robertson differs with you. It is another instance of experts failing to agree.

Captain ROBERTSON: There must be an overlapping to enable the Montreal pilots to take ships up from Quebec harbour.

Mr. DORION: But that is covered by subsection (2) of section 406. And if section 375 remains the way it is Montreal pilots would have Quebec harbour in their district.

Captain ROBERTSON: Under the present Act the pilotage district of Montreal starts at Portneuf, which is 20 miles above the harbour of Quebec. Now, we cannot transfer pilots at Portneuf, but we take them down on some steamer to the dock in Quebec, or wherever they are going. Perhaps we could meet the difficulty by making the harbour of Quebec neutral territory.

Mr. DORION: Section 406 of the Bill reads:—

(1) If any master of a ship which is not an exempted ship removes such ship or causes such ship to be removed from one place to another within any pilotage district, without the assistance of a licensed pilot, he shall pay to the pilotage authority the same pilotage dues as he would have been liable to pay if he had obtained the assistance of one such licensed pilots.

(2) This provision shall not apply to the master of any ship actually proceeding to Montreal or elsewhere above the harbour of Quebec, in charge of a pilot for the pilotage district of Montreal.

We suggest that the words "or coming from" be inserted after the words "proceeding to" in subsection (2).

Hon. Mr. CASGRAIN: Where is the western limit of Quebec harbour?

Mr. DORION: Near Quebec bridge, just a little bit above Quebec bridge. Then we come to section 381.

Hon. Mr. DANDURAND: There is no change there.

Mr. DORION: Oh, yes there is. Article 413 of the old law reads:

The pilotage authority of any district other than the pilotage authority of Quebec.

What we want is the insertion of this expression "other than the pilotage authority of Quebec" after the words "of any district."

Captain ROBERTSON: The reason of that, sir, is that in 1906 all pilotage districts in Canada were under a pilotage authority composed of three or five men. Since then we have brought a number of districts, namely Montreal, Quebec, Halifax, St. John, Sydney and British Columbia, under the minister. Therefore, as the Civil Service Commission automatically takes care of all officials working under the minister, we do not require a secretary-treasurer. If it is necessary to have a secretary-treasurer for Quebec, we should have secretary-treasurers for Montreal, Sydney, St. John and Halifax.

Mr. DORION: We submit that this will bring to the Quebec pilots some expenses that they now do not have to pay, because in 1906 there was an agreement between the Minister of Marine and the Quebec pilots—and you have the letter signed by the Deputy Minister of Marine at the time—which was passed when the pilots of Quebec, instead of embarking on the ships at Barnaby Island, went as far as Father Point. Then the Minister of Marine wrote a letter to the Quebec pilots saying that the Government would pay the board of pilots, and everything like that. If we change the whole article and include Quebec district in article 381, that will mean further expense to the Quebec pilots, and they will have to ask a higher tariff.

Hon. Mr. DANDURAND: What effect will it have?

Mr. DORION: It will bring more expenses. Those expenses for the secretary-treasurer will have to be paid by the pilots themselves.

Hon. Mr. DANDURAND: Have you now a secretary-treasurer?

Mr. LANGLOIS: We have our own secretary.

Hon. Mr. DANDURAND: What would be changed if this clause were passed as it is?

Mr. LANGLOIS: It depends on what the pilotage authority would do. It is said that they may appoint a secretary and treasurer. We have our own secretary to look after our business.

Hon. Mr. DANDURAND: You pay him?

Mr. DORION: Yes.

Hon. Mr. DANDURAND: What difference would there be in cost?

Hon. Mr. CASGRAIN: There would be two.

Mr. LANGLOIS: We made a contract with the Government in 1906. We asked to raise the tariff, and that was not granted to us, but the Government paid an officer in Quebec. That is what we seek for. We are still incorporated. All our rights of handling our own business were taken away by the Government.

Right Hon. Mr. MEIGHEN: You want to keep your own secretary, and do not want to have one appointed for you?

Mr. DORION: Yes. We want the old article.

Captain ROBERTSON: The change is in conformity with what we are doing now. The proof of the pudding is that the Government pays the secretary in Quebec in the same way that it does in Montreal, Halifax, and Saint John; but under the change we took away all the powers from Quebec, and therefore, if we are going to put in something for Quebec we should do the same for Montreal, Halifax, Saint John, Sydney and British Columbia.

Hon. Mr. CASGRAIN: The Quebec pilots were in a different position. They were there before Confederation.

Captain ROBERTSON: But their powers were taken away from them in 1914, and we are now only putting them in the same category as those of Montreal and the other districts, under the minister.

Mr. DORION: We were exempted, and we want to be in the future.

Captain ROBERTSON: We are trying to get uniformity.

Right Hon. Mr. MEIGHEN: Does the Government pay your secretary now?

Mr. LANGLOIS: No, not our secretary, their secretary. They are taking charge of everything; they are doing the collecting and everything, and give us our money back.

Right Hon. Mr. MEIGHEN: Is there any authority in respect of the pilotage district of Quebec?

Mr. LANGLOIS: Just the collecting. They pay us every half month.

The CHAIRMAN: They do not interfere with the distribution?

Mr. LANGLOIS: Not at all.

The CHAIRMAN: And you get this extra secretary?

Right Hon. Mr. MEIGHEN: We will try to meet you, Mr. Langlois.

Mr. DORION: What we say is that we have some vested rights under the old law, and we think we should be allowed to retain them.

The CHAIRMAN: Now, the next article. Section 382.

Mr. DORION: In my memorandum there is a reference to paragraphs (b), (d), (f) and (h). That was discussed yesterday by Mr. St. Germain. We drop that and we come to paragraph (n). All we have to submit is that the amendment of Mr. St. Germain should read "for Montreal and Quebec" instead of for Montreal alone.

Mr. PIERRE CASGRAIN: I suggested that (n) and (o) might be eliminated because the power seems to be given in paragraph (e).

Mr. DORION: Oh, yes, I see.

The CHAIRMAN: What do you say to that, Captain?

Captain ROBERTSON: I have no objection to eliminating (n) and (o).

Mr. DORION: There is a new paragraph, (p), in this article. We do not know whether this should stand, because it gives extraordinary powers to the pilotage authority.

Hon. Mr. CASGRAIN: That is the minister?

Mr. DORION: If it is the minister.

Right Hon. Mr. MEIGHEN: It has to be confirmed by the Governor in Council. I should think that was all right.

Mr. DORION: Then we come on to section 384. We submit that there should be a paragraph 3 of this section in accordance with article 419 of the old law, which reads:—

A copy of every by-law made by the minister under this part shall be furnished to the Quebec Pilots' Corporation, twenty days before such by-law is submitted to the Governor in Council for the purpose of being confirmed.

We submit that the Quebec pilots should have the same right that they previously had, and that these by-laws should be submitted to them before being submitted to the Governor in Council.

Hon. Mr. DANDURAND: Why should it be limited to Quebec?

Mr. PIERRE CASGRAIN: Add Montreal too.

Mr. DORION: We have no objection. Article 419 referred to Quebec only.

Hon. Mr. DANDURAND: It should be a general enactment.

Captain ROBERTSON: We have given all the same opportunity. What we have done has been to level down instead of up.

Hon. Mr. L'ESPERANCE: You have no objection to these suggestions?

Captain ROBERTSON: Why should Quebec receive different treatment?

Right Hon. Mr. MEIGHEN: Should you submit every by-law and Order in Council a month before?

Captain ROBERTSON: We do it, but we do not want to do it for Quebec alone. We are doing it for all districts.

Right Hon. Mr. MEIGHEN: Then, why not put in a clause saying so?

Captain ROBERTSON: All right. The only reason we did not put that in is that it is hard to say who is the shipping interest that is to be consulted.

Hon. Mr. CASGRAIN: We are dealing with the pilots.

Captain ROBERTSON: The interests will have to be brought in as well. We will have to consult both sides on the situation.

Right Hon. Mr. MEIGHEN: You have no objection to a clause providing that you submit it to the pilotage associations?

Captain ROBERTSON: Of every district.

Hon. Mr. DANDURAND: Is there anything in the Bill that compels you to do the same for the shippers?

Captain ROBERTSON: We do it.

The CHAIRMAN: There must be two parties.

Mr. DORION: Then we come to section 389. It says:—

Every licensed pilot shall, on receiving his licence, be furnished with a copy of the tariff of dues and of the by-laws established within the districts for which he is licensed—

We submit that the following words should be added, "and of the regulations governing all harbours within his pilotage district," because under section 392 the pilot is obliged to show those regulations when requested to do so.

Mr. HAWKEN: There is nothing to prevent any pilot getting those regulations now. We cannot force the Montreal Harbour Commission or the Quebec Harbour Commission to give those regulations. The pilot can get them himself.

Right Hon. Mr. MEIGHEN: If he can get them, it is all right.

Mr. DORION: He should receive them when he receives his licence.

Mr. HAWKEN: It is up to him to get those regulations.

Hon. Mr. DANDURAND: They would not be denied him?

Mr. HAWKEN: Oh, no.

Mr. PIERRE CASGRAIN: Where is it provided in the law?

Right Hon. Mr. MEIGHEN: It stands to reason that a man is entitled to the regulations under which he works.

Mr. PIERRE CASGRAIN: Has it been questioned? Have any pilots been refused?

Hon. Mr. CASGRAIN: No, they were never refused. Drop it.

Mr. DORION: Article 392 in this Bill is a new one. Previously the pilot was not obliged to carry these regulations.

Right Hon. Mr. MEIGHEN: Is that important, Mr. Hawken?

Mr. HAWKEN: It is important in this way. We think the pilot should have the regulations so that he can advise the master when he is coming to the port.

Right Hon. Mr. MEIGHEN: If you compel him to have them, shouldn't you make sure that he gets them?

Captain ROBERTSON: At the different ports the masters ask for the quarantine regulations. We put it in that the pilot has got to get them. We furnish them free. We don't know whether he has got them or not; he

may lose them. It is for him to come and ask, and we will give him as many copies as he wants. I am not in a position to go around every day and say "Have you a copy in your pocket?"

Right Hon. Mr. MEIGHEN: But should he not in the first place be furnished with a copy by yourselves?

Captain ROBERTSON: We do furnish them. The regulations are being changed. We have to get them from the other departments, for instance, the quarantine department and the cattle people. If we haven't got them, how can we furnish them?

Right Hon. Mr. MEIGHEN: It doesn't make much difference. They are entitled to them.

Mr. DORION: Section 393. The old article, No. 430, says:—

Every branch pilot or licensed pilot who passes two full and consecutive years without acting as a pilot, except in case of sickness, unavoidable absence or special permission from the pilotage authority shall forfeit his licence.

We should like to have the words "except in case of sickness, unavoidable absence or special permission from the pilotage authority" in the new section.

Captain ROBERTSON: That change has been made on account of the other districts being brought in under the minister. Outside of Quebec we have a pension fund. It is the pilot's own money, and if we allow a pilot to stay in the service indefinitely the pilots themselves will have to pay him. Therefore we say that when a man does not work for two years and does not pay any money into the pension fund, he should automatically drop out and get the pension that he is entitled to according to his years of service.

Mr. DORION: For Quebec and Montreal there are special provisions for the fund.

Captain ROBERTSON: Montreal is under the minister. Quebec is under the Corporation of Pilots.

Mr. DORION: According to the new Bill, if a Quebec pilot goes two years without acting, he will lose every right he has.

Captain ROBERTSON: Not at all. He only loses the right to continue as a pilot and to make other pilots pay for his pension.

Mr. DORION: We do not see why the change is made. The old article is fair enough.

Right Hon. Mr. MEIGHEN: That is to say, if a man claimed to be unavoidably absent he would have an absolute right to stay on?

Hon. Mr. DANDURAND: If he is sick for two years you do not put him out?

Mr. DORION: No, and according to the new Bill, if he is sick for two years he must take his pension.

Right Hon. Mr. MEIGHEN: Unless the pilotage authority says there is justification for his getting on again?

Mr. DORION: Yes.

Right Hon. Mr. MEIGHEN: I would say that was pretty fair.

The CHAIRMAN: Now, the next section.

Mr. DORION: Section 394. we submit that the words "without delay" should be changed to read "within a month" or fifteen days, or something like that.

The CHAIRMAN: "Without delay" means a reasonable time. That is all right.

Mr. DORION: There is a penalty of \$40.

Then I come to section 399. We submit that \$3 is not enough when a pilot is taken to sea. This section applies, I should say, only to the Quebec pilots. When they are taken to sea they have to go as far as Europe and spend most of the month before coming back, and I think they should be entitled to more than \$3 a day for losing all that time.

The CHAIRMAN: Wouldn't you think that \$3 a day and food was a pretty good wage in these days?

Mr. DORION: No. A pilot works only six or seven months.

Right Hon. Mr. MEIGHEN: He is entitled to that over and above the pilotage dues?

Mr. DORION: Yes, but there are no pilotage dues when he is taken to sea.

Hon. Mr. CASGRAIN: He does not earn any pilotage dues while he is in England.

Hon. Mr. L'ESPERANCE: Doesn't he share with the others? I thought the money was divided.

Right Hon. Mr. MEIGHEN: That is something we could not very well decide without careful inquiry. They might elect to take a nice trip.

Mr. DORION: Oh, no.

Mr. PIERRE CASGRAIN: They are taken away only when it is unavoidable.

Hon. Mr. CASGRAIN: It happens in a big storm, when they cannot be taken off.

Right Hon. Mr. MEIGHEN: What have you to say, Mr. MacCallum?

Mr. MacCALLUM: I object very much to the proposal. I think Mr. Dorion might tell you that under the old Act the allowance was \$2 and that it applied only to pilots and not to apprentices. This Bill changes it to \$3 and the shipping interests have not objected. I think Mr. Dorion is asking too much. If a ship goes out to Father Point and the weather is very bad and there is no chance to land the pilot the master would take him along, but it is a hardship on the ship. It does not happen very often. This is simply a request to penalize the shipping interests further. We claim that in the course of eight months the pilots receive very good remuneration.

Hon. Mr. BEAUBIEN: Isn't it a very rare occurrence for the pilot to be taken to sea?

Mr. MacCALLUM: Very rare.

Mr. DORION: There should be provision for the apprentices.

The CHAIRMAN: We will go on.

Mr. DORION: The next section is 406. An amendment has been proposed by the Shipping Federation, and we wish to add after the words "licensed pilot" in the fourth line, the words "for such district." The section as it reads now means that the pilots from Saint John, Montreal, or Halifax could come to Quebec and move the ship in the district of Quebec.

Now, 415 says:—

Every ship which navigates within any pilotage district within the limits of which dues are, for the time being, made compulsory under this part shall pay pilotage dues, unless such ship is on her inward voyage and no licensed pilot offers his services.

The line dividing the Quebec district from the sea is twenty-six miles long, extending from Father Point to Cape Colombier. The St. Lawrence River is twenty-six miles wide at that point. Therefore if a boat is coming up the river near the north shore she may avoid the pilotage dues because the pilot cannot offer his services if he does not see the boat.

Hon. Mr. CASGRAIN: That is where my amendment comes in.

Mr. DORION: On the north shore he would be twenty-five miles from Father Point.

The CHAIRMAN: What do you say, Captain Robertson?

Captain ROBERTSON: We make limits for all districts. We cannot confine ourselves to one spot. We have to give the ships room to manoeuvre, and we cannot order every ship to go to Father Point and look for trouble.

Mr. L'ESPERANCE: I think what Mr. Dorion is asking is how a pilot can go and offer his services if the ship chooses to pass right in the middle of the channel.

Captain ROBERTSON: We make regulations which we circulate throughout the world stating that the pilot's boat will be found within a certain radius.

Hon. Mr. L'ESPERANCE: Suppose the ship chooses to pass?

Captain ROBERTSON: We collect our dues.

Hon. Mr. L'ESPERANCE: It is not only a question of collecting dues. If a ship comes up without a pilot a serious accident may result. This has happened before. I think you should make pilotage compulsory.

Captain ROBERTSON: If the Government makes pilotage compulsory we will have to take responsibility for the actions of the pilots.

Hon. Mr. CASGRAIN: Isn't it true that for a hundred years and more the ships have gone to Father Point to take the pilot?

Captain ROBERTSON: Yes.

Hon. Mr. CASGRAIN: The river is twenty-six miles wide. The pilots must have a place to congregate. You could say "in the vicinity of Father Point," if you liked.

The CHAIRMAN: Has the present regulation caused any disturbance in the navigation of the St. Lawrence?

Hon. Mr. CASGRAIN: No.

The CHAIRMAN: Then, why have you regulations?

Captain ROBERTSON: This is not a new regulation. There is no necessity for new regulations, because I can recall only two cases during the last ten years in which ships passed Father Point without a pilot, and we immediately got the money from them.

Mr. PIERRE CASGRAIN: Oh, that is all right.

Hon. Mr. CASGRAIN: What about the safety of the other ships?

Captain ROBERTSON: It is only the ignorance of the shipping company, the foreigner, that causes them to pass. We cannot penalize everybody for the sake of one man.

The CHAIRMAN: I think we can pass on. There is a proposed amendment to 416 that comes from Halifax. They ask that in paragraph (ii) in line 26, the word "Ontario" should be added. That comes from the Interprovincial Steamship Lines, Limited, of Halifax, who operate five medium-sized boats. Is there any objection?

Captain ROBERTSON: We are open to conviction.

Hon. Mr. BEAUBIEN: It is a very involved paragraph. What does it mean?

Right Hon. Mr. MEIGHEN: It is a list of voyages where the ship is exempt from pilotage.

The CHAIRMAN: Is Captain Mitchell here?

Captain MITCHELL: These vessels of the Interprovincial Steamship Company are exempt from St. Lawrence River pilotage when running from Halifax to Montreal and back again, but if they run from Halifax through Montreal to the lakes they have to pay pilotage, and it does not seem fair to them.

Right Hon. Mr. MEIGHEN: Should they pay or should they not?

Captain MITCHELL: I have no opinion to express on the matter. This is just a representation that I have been asked to make.

Hon. Mr. DANDURAND: What is the law and practice?

Captain MITCHELL: They pay pilotage when they come from Hamilton or Toronto.

Hon. Mr. DANDURAND: They are penalized for going to Toronto.

Hon. Mr. CASGRAIN: Are there many ships coming down from Ontario?

Captain MITCHELL: This is a new company that was started two or three years ago to trade from Halifax to the inland waters. They carry sugar and that sort of cargo from Halifax, and midland products back to the Maritimes.

Right Hon. Mr. MEIGHEN: What is the principle behind exempting them? Isn't it that they travel the route all the time and know it?

Captain MITCHELL: They know the route.

Right Hon. Mr. MEIGHEN: Why would they know the route any less if they travelled between Kingston and Halifax instead of between Montreal and Halifax?

Captain ROBERTSON: Ships travelling from the Maritime Provinces to Montreal operate under the International rules of the road. When they get above the Lachine Canal they operate under the Great Lakes rules of the road.

Right Hon. Mr. MEIGHEN: Anyone, as long as he is in that territory, operates under the rules of the road.

Captain ROBERTSON: Yes. But when that was taken out of the Act we didn't figure that vessels would come from the Maritime Provinces and we debarred the lake boats coming down the river because they did not know our regulations. But the condition is changed to-day to a certain extent, because the deep water ship is going up.

The CHAIRMAN: I have no brief for this company. It is carrying on a package service and doing an interprovincial trade in the products of the provinces. If it is reasonable that those ships should go to Montreal without pilotage it is equally reasonable that they should go to Ontario.

Mr. PIERRE CASGRAIN: Mr. St. Germain has something to say on this point.

Mr. ST. GERMAIN: This question was debated in 1908. I have here the debates of the House of Commons for 1907-8, volume 7. At that time Hon. Mr. Brodeur, Minister of Marine, outlined the reasons why Ontario should not be included. Of course, we quite realize that some of the pilots that come from Halifax know how to navigate the St. Lawrence River, because they navigate according to the International rules, but the people from Ontario don't know anything—well, they might know something—(laughter).

The CHAIRMAN: Captain Robertson said conditions had changed.

Mr. ST. GERMAIN: I did not finish my sentence. They are not so familiar with the International rules as the St. Lawrence pilots are. I do not intend to read all this debate—

Right Hon. Mr. MEIGHEN: I should hope not.

Mr. ST. GERMAIN: —but I would refer the Committee to page 12855. The debate took place on July 13, 1908.

Right Hon. Mr. MEIGHEN: Apparently these are Eastern people. They are not the ignorant Ontario people. They would know the rules.

Mr. ST. GERMAIN: I agree. But if the article were changed it would include the Ontario people, and they are not as familiar with the International rules as the people of the lower provinces.

The CHAIRMAN: No doubt there is room for an argument there. I suggest that that be left. Your objection is that if "Ontario" is put in, pilots can come down.

Mr. PIERRE CASGRAIN: Yes. That is the objection we have.

Mr. DUTHIE: All navigators, wherever they come from, before they are allowed to enter the district below Father Point are supplied with coasting licences. Those coasting licences are obtained only after years of experience in coasting waters, and the men who have them are perfectly familiar with the coasting routes and also the International rules of the road. They know that as soon as they reach Montreal harbour they are travelling under International rules; even when they go only to the foot of the Lachine Canal they know they are travelling under International rules.

In regard to the twenty-six mile line from Father Point to the north shore, I may say that a great many of the pulpwood boats travel the north shore. They go down light to get their load, and coming back they are on the north shore even if they are bound for Thorold or New York State points. They would rather do their own piloting, and pay for it than cross to Father Point. Sometimes the weather is extremely rough, and it would take them a couple of hours to get there.

There is no compulsory pilotage in Canada, as Captain Robertson pointed out. He happened to mention a couple of cases when no pilotage was taken. He was probably referring to ocean steamers. I myself have O.K'd dozens of bills. It is rather remarkable that the only accidents we had with pulpwood cargoes between Quebec and Montreal happened when there were Quebec pilots on board. They are very skilful pilots and know the river well, but they do not like these 8-knot boats, and they take short cuts.

In the Act of 1908 there was a different clause about exempted ships having a draft not exceeding sixteen feet when loaded, and employed exclusively in voyages between any port or ports on Lake Ontario, Lake Erie, Lake Huron, Lake Superior, Lake Michigan or any of the waters connecting those lakes, and any port or ports on the St. Lawrence River or between any ports on the St. Lawrence River.

It is our intention to put in writing an amendment to restore that to the Act but leaving out the word "exclusively" because exclusively may mean anything.

Right Hon. Mr. MEIGHEN: You think Ontario should be in?

Mr. DUTHIE: With the restoration of the former Act you will not need it. I would rather put in the old clause. It was taken out under rather peculiar circumstances. It resulted from this fact. An American steamer that only had a pilot licence as far as Ogdensburg was navigating in the harbour of Montreal. Nobody on board had a certificate. There was objection, and later it was taken out and never put back.

Although there is exemption from pilotage under the Act between Montreal and Quebec, still on account of the length of the voyage, it is customary to take a pilot. But below Quebec the river is very easy. Father Point is not the nicest place imaginable—you cannot forget the Empress and the Storstadt, but the river is well marked, and we have never had an accident except when we had a pilot aboard. We would be quite satisfied if the old clause was restored, leaving out the word "exclusively."

The CHAIRMAN: What do you say to that?

Captain ROBERTSON: I am open to conviction.

Mr. PIERRE CASGRAIN: Leave it the way it is.

Captain LANDRY: I am a practical captain on inland waters, and I am here on behalf of the Canadian Navigators. My opinion is that this should stand as it stood in the old Act, because, as captains on the Great Lakes, we have the right

to do our pilotage. We are used to the Great Lakes rules of the road. The pilotage district between Montreal and Quebec has a by-law of its own; it has different signals in fogs from what we use on the upper lakes, and when we have to go down to Quebec the rule in the book is correct for us, but with the new law we will have to learn all these rules, and they are altogether different, and might cause a misunderstanding and a big accident.

The CHAIRMAN: You refer to the whole of section 416?

Captain LANDRY: No. I refer to including the province of Ontario. As Mr. Duthie said, we have to pass by the International rule and the Inland Water rule. But we have on the Great Lakes a practice of passing that the International men don't know, and in the by-law from Montreal to Quebec they have a restriction that we don't know.

The CHAIRMAN: You don't want the word "Ontario" added?

Captain LANDRY: No, sir.

Hon. Mr. McLENNAN: May I call the attention of the Committee to the coal-bearing trade from Nova Scotia and Cape Breton to Montreal. Ships in that trade go to Montreal without pilotage. Why should they not go to Ontario without compulsory pilotage?

Hon. Mr. CASGRAIN: They would have to be canal boats.

Hon. Mr. McLENNAN: The small boats could go up, and have gone up to Cornwall and Valleyfield. Why, because a boat does that once in a season, should she be penalized, whereas on the trip to Montreal she has free pilotage?

The CHAIRMAN: Now we can proceed.

Mr. DUTHIE: I should like to know whether Captain Landry is speaking for himself or for the Canadian Navigation Federation, and whether the question was ever put before that Confederation. Half of our captains are members of the Federation, and I do not believe that any one of them would express the same views as he has expressed.

Captain LANDRY: I am talking only about the practical point of view for myself.

The CHAIRMAN: Suppose the rules for the Great Lakes and the International rules were the same—

Captain LANDRY: Then I would have no objection.

Mr. DORION: Regarding paragraph (c) of section 416, we submit that it should read "steamships registered in any part of Canada." The word "Canada" should replace "His Majesty's Dominions." As it reads now a ship coming from any Dominion may be exempted.

Right Hon. Mr. MEIGHEN: What does an Australian ship know about that part?

Captain ROBERTSON: If they come into our coasting trade and comply with all its sections they would be exempted, but if they came from Australia to Montreal they would not be exempted.

Mr. DORION: Now, section 432.

The CHAIRMAN: What is your suggested change or objection to that?

Mr. DORION: The objection is that it is very inconvenient for the pilots to carry such a flag with them, and they contend they do not need it. Maybe Mr. Langlois can give us an explanation.

Right Hon. Mr. MEIGHEN: That is the old Act.

Mr. DORION: No, the old Act does not require the pilot to have a flag with him.

Right Hon. Mr. MEIGHEN: According to my notes it does.

Mr. DORION: Old section 483 requires the pilot to display a flag.

Right Hon. Mr. MEIGHEN: That is all this section requires.

Mr. LANGLOIS: In former days there were three stations, one at Bic, one at Tadoussac on the Saguenay river and one at Brandy Pot. Suppose a ship picked up a pilot at the eastern station, then the pilot would have to carry a flag to the next station west showing there was a pilot on board.

Mr. HAWKEN: In every part of the world when a pilot is in charge of a boat he displays a flag.

The CHAIRMAN: Next.

Mr. DORION: Section 434. Under the old section 485 the contribution to the pilot fund is 7 per cent. This section proposes 5 per cent. It is asked that the contribution remain at 7 per cent.

The CHAIRMAN: This says, "not less than 5 per cent." It may be 7 per cent.

Captain ROBERTSON: It may be 20 per cent, if they want to pay that percentage.

The CHAIRMAN: The new section simply says you may not go below 5 per cent. What is the next question?

Mr. DORION: Section 437. We ask that January be changed to February.

Captain ROBERTSON: That is in the present Act. We are not particular about it.

Right Hon. Mr. MEIGHEN: February will do, then.

Mr. DORION: Section 447 provides that a pilot shall be liable to suspension or cancellation of his licence by the pilotage authorities of the district for any of the offences mentioned upon such evidence as the said authority deem sufficient, and whether he has or has not been convicted of or indicted for such offence. We cannot understand why a pilot should be liable to suspension after an investigation if he has not been found guilty.

Right Hon. Mr. MEIGHEN: You say the pilotage authorities should have no jurisdiction unless there is a previous conviction?

Mr. DORION: Yes. If the pilot is not found guilty of such offence, I do not think the pilotage authority should have power to revoke his licence.

Right Hon. Mr. MEIGHEN: It may be too cumbersome. What do you say, Mr. Hawken?

Mr. HAWKEN: No, sir. We want to take action by the pilotage authority before the case comes into court.

Right Hon. Mr. Meighen: Suppose the pilot has been found not guilty, you could not go ahead in the court.

Mr. HAWKEN: No.

The CHAIRMAN: He would not be suspended if he were not found guilty.

Mr. PIERRE CASGRAIN, M.P.: There should be no cancellation of licence until the pilot is convicted before the court.

Mr. HAWKEN: We have no objection to that.

Right Hon. Mr. MEIGHEN: Strike out "or cancellation of his licence."

The CHAIRMAN: Next.

Mr. DORION: Section 449. In old section 536 the penalty is \$40. Now the penalty is \$200 and suspension or cancellation of the pilot's licence. There is no reason for this new amendment. The section should be left as it was.

Right Hon. Mr. MEIGHEN: You want to get off easy.

Mr. DORION: No, I think the old section worked very well.

Mr. HAWKEN: If a pilot does not commit the offence the amount of penalty cannot affect him. It is a pretty serious offence.

Right Hon. Mr. MEIGHEN: He might demand and receive a thousand dollars, and under the old section all he would lose would be \$40.

Mr. DORION: It worked very well in the past.

Hon. Mr. BEAUBIEN: What is the reason for this new section?

Captain ROBERTSON: Certain dues are permitted to be collected. We insist that the pilot confine himself to the regulation dues and not ask for an illegal amount.

Hon. Mr. BEAUBIEN: How is the pilot going to get more than the law allows? The company is not going to pay anything in excess of the legal dues.

Captain ROBERTSON: The captain does not know the tariff. He may pay \$80 when the legal rate is \$40.

Hon. Mr. BEAUBIEN: Do you think there is any danger of the company paying \$100 instead of \$40?

Captain ROBERTSON: Yes. In fact it has been done only within the last six weeks.

Hon. Mr. BEAUBIEN: Does it happen often?

Captain ROBERTSON: No, but it has happened.

Hon. Mr. BEAUBIEN: And the corporation has received money that it was not entitled to receive? In that case the company owning the boat could get the money back. The corporation is a solvent body. I cannot see any serious danger.

Captain ROBERTSON: We have had a case recently.

Hon. Mr. BEAUBIEN: Only one case?

Captain ROBERTSON: Yes. The pilot got the master to sign a card for a rate that was not according to the law. The court decided that having signed the card he had given his promise to pay.

Hon. Mr. BEAUBIEN: Notwithstanding that the law says the rate should not be more than \$40?

Captain ROBERTSON: Yes.

Mr. DORION: I was one of the lawyers in that case. We got judgment in our favour. I think that is the best answer I could give the Committee.

Mr. MACCALLUM: When you went before the court was the master who signed the card available?

Mr. DORION: I do not know.

Right Hon. Mr. MEIGHEN: You got judgment perhaps because they could not produce the master.

Mr. DORION: They asked us to wait a year or more.

Right Hon. Mr. MEIGHEN: I know, but they could not get the master, so you won out.

Hon. Mr. BEAUBIEN: How could you get judgment for more than the law allows you?

Mr. DORION: Perhaps Mr. Langlois will explain.

Mr. LANGLOIS: In the fall of the year when the weather is bad and there is lots of ice around, the pilot may advise the captain that he cannot take the ship alone because he might be away six or seven days. So the captain takes two pilots, and then he has to pay those two pilots. That is what Mr. Dorion is referring to.

Hon. Mr. BEAUBIEN: In the case you mentioned, Mr. Dorion, there was one pilot?

Mr. DORION: Yes.

Hon. Mr. BEAUBIEN: And that pilot claimed more than he was entitled to by law: Is that right?

Mr. LANGLOIS: No.

Hon. Mr. FOSTER: The law provides a fee for each pilot, but under the circumstances mentioned two went on board the ship, and they charged the double rate?

Mr. LANGLOIS: Yes.

Right Hon. Mr. MEIGHEN: Is not the great danger the dishonest master? Perhaps he is standing in with the pilot and gets something for signing the card. Does it not open the door for fraud on the ship owner, and is not the new section an attempt to stop that?

Mr. LANGLOIS: No. A pilot under the conditions in the fall cannot stand the work long.

Right Hon. Mr. MEIGHEN: Where two pilots are necessary they have to be paid, and that is allowed here. Where more than the right fees are paid the master would be party to the fraud.

Hon. Mr. BEAUBIEN: The money is paid to the corporation.

Right Hon. Mr. MEIGHEN: But the pilots get the benefit in the end.

Mr. MACCALLUM: The point is this. The master of a foreign ship reaches Father Point late in the season. He may not know all the pilotage regulations. There is a higher pilotage fee payable at the end of the season. Only one pilot is supposed to pilot his ship. In this case the second pilot went on board. We claim he induced the master to sign a second pilotage card, and was paid through the courts. If pilots are allowed to do that they will bring the whole system into disrepute. We desire to prevent pilots doing anything of that kind. We claim that we pay them very well on the St. Lawrence.

Hon. Mr. DANDURAND: Is there such a practice as two pilots coming up on a ship?

Mr. MACCALLUM: No, it is not the practice. Sometimes in the fall an extra man may be taken on gratuitously by the master. He is paid a flat sum of money as a pilot's mate, but the pilot has no right to it under the law. It is a gratuity.

Mr. DORION: That is what happened in this case. We submit that if the word "or" replaced "and" it would be fairer to everybody. If the pilot makes an error and charges a little more than he is entitled to he will be suspended.

The CHAIRMAN: We will consider that.

Mr. DORION: Section 651 provides that formal investigations shall be held in some town hall or county courthouse, or public building, or in some other suitable place to be determined by the court. We submit that it is a well known principle of law, in commercial as well as in criminal cases, that the proceedings should take place in the district in which the cause of action arose.

Right Hon. Mr. MEIGHEN: There is no change from the old law. You want a change?

Mr. DORION: Yes, to provide that the investigation shall be held in the district where the cause of action arose.

Right Hon. Mr. MEIGHEN: There might be no place in which to hold the investigation.

Mr. DORION: There are only two districts in Quebec, Quebec and Montreal.

Captain ROBERTSON: We follow the ship. If the ship is in Halifax, say, it is quicker to take one pilot down there than to bring the whole crew to Montreal and tie up the ship.

Mr. DORION: But if the pilot has to go to Saint John or Halifax to make his defence, he will be put to considerable expense.

Hon. Mr. L'ESPERANCE: Has it worked any hardship in the past?

Mr. DORION: I do not know.

Mr. LANGLOIS: Yes. An accident happened in the river, and the investigation was held in Halifax. The pilots had to pay their own expenses.

Right Hon. Mr. MEIGHEN: If they were innocent, were they not allowed their expenses by the court?

Mr. LANGLOIS: There is no law to provide for it.

Right Hon. Mr. MEIGHEN: Oh, yes, the court has discretion as to costs. It is all a question of keeping the costs down.

Mr. LANGLOIS: If it is covered it is all right.

Hon. Mr. CASGRAIN: Section 656 covers it. The costs of investigation are dealt with by the court.

Right Hon. Mr. MEIGHEN: I thought so.

The CHAIRMAN: Next.

Mr. DORION: Section 656. We wish to be certain that this Bill contains a provision similar to that in old section 776, that every investigation shall be conducted in such a manner that if a charge is made against any person, such person shall have an opportunity to make his defence. I think that should be inserted as paragraph 2 of section 656.

Right Hon. Mr. MEIGHEN: Are you sure that is not in some other part of the Bill?

Mr. DORION: We could not find it.

Right Hon. Mr. MEIGHEN: We will make a note of that. Go ahead.

Mr. DORION: The last one is section 662, paragraph 3. Under the old law right of appeal was given to the pilot before the Superior Court of Quebec. We have no objection to go before the Exchequer Court, but this paragraph 3 does not give a pilot the right of appeal when he has been found guilty and has been condemned to pay a penalty only; it gives that right only when he is suspended.

Captain ROBERTSON: We are following Old Country procedure.

Mr. DORION: This right of appeal was given to us in the old law. It was made specially applicable to Quebec by sections 538 and 539.

Captain ROBERTSON: That was repealed in 1914.

Mr. DORION: Those sections are in chapter 186 of the revised statutes of 1927.

Hon. Mr. BEAUBIEN: Then those sections could not have been repealed.

Captain ROBERTSON: The minister has all the power of the corporation of Quebec. Everything was vested in him other than the pilots' pension fund. They have no vested rights to-day that are infringed upon.

Right Hon. Mr. MEIGHEN: If it is in the revised statutes it is law, no matter whether it was repealed or not.

The CHAIRMAN: Any further questions you would like to ask this witness?

Mr. MACCALLUM: Mr. Dorion asked that section 419 of the Canada Shipping Act be revived and put in the new Act. It calls for twenty days' notice of new by-laws. I suggest that as notice is not given to Montreal, Halifax or to any other place, it should not be given to Quebec.

Mr. DORION: We have no objection.

Mr. MACCALLUM: I do not think it is necessary that pilots anywhere should be given twenty days' notice of change.

Right Hon. Mr. MEIGHEN: Or that you should?

Mr. MACCALLUM: No. It is only in the case of Quebec under the old Act.

Hon. Mr. L'ESPERANCE: What objection do you find to it?

Mr. MacCALLUM: I object to Quebec being singled out. We do not get twenty days' notice of change of by-law, nor should the pilot.

Mr. DORION: We do not object.

Hon. Mr. DANDURAND: There should be no objection to your getting the same notice.

The CHAIRMAN: All right.

Hon. Mr. FOSTER: They should have notice, certainly.

The CHAIRMAN: Are there any other witnesses here now? I have no notice of any.

Mr. DUTHIE: Mr. Chairman, we have quite a number of amendments to bring forward. We shall not be able to present them this afternoon, but we could present them as a brief next week.

The CHAIRMAN: Will you give them to us as early as possible.

Mr. DUTHIE: We could have them ready by Tuesday, or at the latest by Wednesday. The amendments refer to fifty or sixty sections.

The CHAIRMAN: You are representing the Canada Steamships?

Mr. DUTHIE: Yes. I could go over them right now.

Right Hon. Mr. MEIGHEN: You had better try to have them ready for Monday. Perhaps you can shorten them up.

The CHAIRMAN: We will meet this afternoon at twenty minutes after the House adjourns. Then we will fix the date of our next meeting.

The Committee adjourned at 1 p.m.

THE SENATE OF CANADA



PROCEEDINGS

OF THE

STANDING COMMITTEE

ON

BANKING AND COMMERCE

ON

BILL J—An Act respecting Shipping in Canada

No. 4

The Honourable FRANK B. BLACK,
Chairman

WITNESSES:

Mr. H. McClymont and Mr. W. Duthie, Montreal, Quebec, representing
the Canada Steamship Lines.
Mr. J. G. Gauthier, Montreal, Quebec, (re Seamen).
Captain Gray, Shipping Master, Montreal, Quebec.
Mr. W. F. O'Connor, K.C., Counsel to the Committee.
Mr. Alex Johnson, Ottawa, Ontario, former Deputy Minister of Marine.
Memo by Commander R. I. Agnew, Department of National Defence (Naval
Service).

OTTAWA

J. O. PATENAUDE, ACTING KING'S PRINTER

1933

STANDING COMMITTEE ON BANKING AND COMMERCE

The Honourable FRANK B. BLACK, Chairman

The Honourable Senators:

Aylesworth, Sir Allen.	Horsey.	Riley.
Ballantyne.	Hughes.	Schaffner.
Beaubien.	King.	Sharpe.
Beique.	Laird.	Sinclair.
Black.	Lemieux.	Smith.
Brown.	L'Esperance.	Stanfield.
Casgrain.	Little.	Tanner.
Dandurand.	McGuire.	Taylor.
Dennis.	McLennan.	Tessier.
Fisher.	McMeans.	Webster.
Foster.	McRae.	White (<i>Inkerman</i>).
Gordon.	Meighen.	White (<i>Pembroke</i>).
Graham.	Murphy.	Wilson (<i>Rockcliffe</i>).
Griesbach.	Planta.	Wilson (<i>Sorel</i>).

MINUTES OF EVIDENCE

THE SENATE,

MONDAY, April 10, 1933.

The Standing Committee on Banking and Commerce, to whom was referred the Bill J, intituled: "An Act respecting Shipping in Canada," resumed this day at 3 p.m.

Hon. Mr. Black in the Chair.

The CHAIRMAN: Gentlemen, at one of our sessions last week a question was asked as to what the other parts of the Empire were going to do with respect to the nomenclature of their shipping. We have heard from New Zealand. Their ships will be known as "British ships of New Zealand Registry." A reply has not yet come from Australia, but we have reason to believe they will use the same form. The Irish Free State advise us that they will call their ships "Irish ships." That was to be expected.

Hon. Mr. GRIESBACH: Have they any?

The CHAIRMAN: We shall have to get further information.

We have just received a pretty lengthy submission from the Canada Steamship Lines, Limited. There are not enough copies to go around, but the submission will appear in the report of to-day's proceedings.

Mr. H. McClymont, assistant operating manager for the Canada Steamship Lines, Limited, is present. Do you propose to speak to this memorandum?

Mr. McClymont: Yes, Mr. Chairman.

The CHAIRMAN: Is it the pleasure of the meeting to hear Mr. McClymont?

Some Hon. MEMBERS: Carried.

The following is the memorandum submitted by Mr. McClymont:

CANADA STEAMSHIP LINES LIMITED, MONTREAL

April 10, 1933.

To the Honourable Chairman,
Standing Committee on Banking and Commerce,
The Senate,
Ottawa, Ontario.

Re: Bill J.

Honourable Mr. Chairman and Senators:—

The Canada Steamship Lines Limited, owning and operating 104 ships in the Inland waters of Canada, and the Gulf of St. Lawrence, respectfully begs to submit, for your consideration, the following statement in regard to the proposed changes to the Canada Shipping Act.

We are in favour of a very considerable number of the proposed changes and will briefly state our approval of these Sections of the Act where we think it is necessary to offset objections which have been raised by others to the inclusion of the respective Sections.

Certain Sections we also feel require more or less amendment before they should become part of the Statutes of Canada and others are entirely objectionable and we submit should be removed from the Bill.

On the whole, the new Bill is definitely an advancement over the present Canada Shipping Act inasmuch as it clarifies a number of matters which were uncertain and ambiguous.

In our opinion, the two most important matters are those relating to the Coasting Trade of Canada and the ownership of Canadian tonnage, and these we will deal with in the order they appear in the Act.

Commencing with the opening Part of the Act, under the heading of "Interpretation," very few of these require any comment from us, being perfectly satisfactory. There is, however, the following to be said in regard to Section 3.

INTERPRETATIONS—SECTION 3

We have no changes to recommend in respect to the expressions and meanings assigned to the various words and clauses interpreted under this Section.

Subsection 12.—Coasting Trade of Canada.

We desire to give our unqualified approval to this interpretation. It is the equal of, and will be no different in practice from the present laws of the United States of America.

Subsection 38.—Home-trade voyage. We do not object to the present limit of Coasting waters, viz., 40 degrees South Latitude (Bahia Blanca, South America) being changed to the 36th parallel of North Latitude.

Subsection 41.—Inland waters of Canada. The definite limit of the line drawn between Father Point and Point Orient is not objected to by us and is preferable to having two different boundary lines as the limits of Inland waters as in the present Act.

PART I.

Section 18.—Qualification for owning British Ships.

At the present time the Act permits American-owned ships to be registered as Canadian and to participate in the Coasting Trade of Canada. We ask for regulatory measures, similar to those which apply to American ships under their own Navigation Act.

Subsection (d) affords some measure of protection, but it is questionable whether it is sufficiently definite in defining the meaning of bodies corporate, having their principal place of business in His Majesty's Dominions.

We believe it could be made more definite and clear that the directing power, as well as the financial and operating management of the Company, shall be in Canada, so that it will be impossible to evade the requirements of the Act by merely maintaining a registered office, or an agency, or an operating office, subject to the control and direction of a management or ownership located in a foreign country.

Arguments have been advanced, by those not in favour of the change in the new Act, that by restricting the Coasting Trade of Canada to British vessels it will create a monopoly which will tend to increase freight rates, and in fact, result in a proportionate loss to the Producer.

No monopoly can well exist where tonnage of available Steamships represents a cargo-carrying capacity at least twenty-five per cent in excess of the greatest peak load of traffic borne.

In addition to this, there is the protection afforded by the Inland Water Freight Rates Act, Chapter 208, of — 1927.

Under this Act, Sections 4 and 5 provide for the filing of grain freight contracts with the Board of Grain Commissioners. Provision is made that whenever, in the opinion of the Board, the freight charges are not reasonable, or are excessive, or amount to unjust discrimination against any person, the Board, may prescribe such maximum rates as it considers reasonable. Very explicit rules are laid down to provide for variation in the rates as may be required during certain periods of the season, and there is no doubt that full protection is afforded to the producers and exporters in regard to grain transported for foreign or export trade.

There is the further protection of competition of other routes, viz.:—

- (a) The Vancouver route.
- (b) Via Buffalo and Rail to the Seaboard. (Summer and winter movement).
- (c) Via Buffalo and Erie Barge Canal. (Navigable season movement).
- (d) Via Oswego and Albany.
- (e) Hudson's Bay route.

Further to this, both under the Customs Act and the Canada Shipping Act (present Act, section 938—new Act, section 774) the Governor in Council has power immediately to suspend the Coasting Law. We believe that the authority given under these Acts should not be exercised without the fullest investigation of the conditions prevailing at the time that such request or application is made by any Association or body for the temporary suspension of the Coasting Law.

It is our belief that the grain producer is not interested in any way in the rates charged for Lake freight, the grain having passed out of the producer's hands before freighting contracts are made. Even although the producer were interested, the reasons given above show that he would be fully protected from any rates which he might consider were unjustifiable.

We are producing in a separate memorandum a statement of Lake vessels, all of which are classed, or have been classed, for the carriage of grain cargoes.

PART III

Sections 127-165,—Masters and Mates and Engineers.

We have no objection to qualifications of Masters and Engineers as stated in Bill J., nor to the provision that if a Second Mate is carried he must be a certificated man.

Section 147.—We have no objection, nor have any Masters or Mates with whom we have conferred, any objection, to applying for renewal of certificates after five years, provided the object is, as stated by the Department of Marine, that it will be required merely to verify the number of certificates in use and those which have elapsed through Death, or other reason.

PART IV

Sections 166-343.—Seamen.

We desire to protest most emphatically the consolidation of the former Part IV of the Canada Shipping Act, Chapter 186, entitled "Shipping of Seamen on Inland Waters," which has now been merged into one Section covering Seamen on foreign and home-trade ships.

The conditions under which Seamen are engaged on Inland waters, the number of ports at which many of them call, and the brevity of a voyage or round trip, make it impracticable to observe regulations which may be entirely suitable for foreign-going vessels.

Special regulations and laws for shipping of Seamen on Inland waters have been in force, not only since the Canada Shipping Act, Chapter 118 of 1906, was passed, but before that date, shipping on Inland waters was not governed by the regulations which applied to foreign vessels.

In the present Act, Chapter 186, there are fifty-five sections dealing exclusively with the shipping of Seamen on Inland waters, and while several of these Sections may be out of date, the present Act, with some slight adjustments, is satisfactory.

Lake practice and conditions are so different from Ocean service that it is impossible to make regulations to cover both branches of service without doing injustice to one, and in the case of Bill J., it is the Inland waters ship which suffers.

In many ways the employment of men and Lake conditions are little different from ordinary commercial or industrial practice.

We do not wish to deal at length with every clause relating to Inland water navigation now included in Part IV of Bill J. It probably will be sufficient for us to say that we wish a separate Part entitled "Shipping of Seamen on Inland waters" reinstated in the Act as in the present Act, Chapter 186, with some amendments we may suggest as being necessary.

We will enumerate the numbers of the Sections in Part IV, Bill J., from which all reference to Inland navigation should be deleted and whichever Parts are satisfactory should be transferred to a new Section.

Section 188.—There is nothing objectionable in this Section except that on account of the reference to Inland water ships and Minor water ships, all subsequent Sections become applicable to these two classes of vessels and therefore, the words "Inland waters ships" and "Minor waters ships" should be deleted.

The following Sections contain some clauses we consider objectionable if made to apply to Inland and Minor water ships: 190, 193, 194, 195, 196, 200, 206, 207, 208, 210, 211, 212, 215, 225, 229, 231, 252, 304, 305, 306, 310, 314, 317.

Of the above-mentioned Sections it is necessary in some instances to emphasize the undesirability or impracticability to comply with the requirements of the Act.

Section 196.—No Officer of Customs shall clear any ship until the Shipping Master's certificate is produced to him. West of Montreal the Customs Officer acts as Shipping Master and there will be no difficulty, but in Montreal, vessels frequently arrive during the night and clear within a few hours, and it might cause delay to a Steamer during the process of obtaining the Shipping Master's certificate.

Section 210.—Where a Seaman is discharged before a Shipping Master in Canada, he shall receive his wages through, or in the presence of the Shipping Master, unless a competent Court otherwise direct. It would be decidedly inconvenient to take the crew to the Shipping Master's office to pay wages, and it would be costly to requisition a Shipping Master to come aboard to see the men receive their pay.

Section 212.—Requires that a Seaman before being paid off, shall be given a full account of his wages. This would be inconvenient and unnecessary for Inland ships.

Section 225.—If, by reason of a wreck or loss of a ship, a Seaman's employment terminates before the date stated in agreement the Seaman shall be entitled to receive two months' pay unless other employment can be secured.

This Section is in accordance with the International agreement for Sea-going vessels, but it is not suited to Inland and Minor waters, nor are those waters embodied in the International agreement. In the present Act, Chapter 186, Section 338, it is provided that if the services of a Seaman terminate by reason of the wreck or loss of the ship, the Seaman shall be entitled to wages for the time of service prior to such termination as aforesaid, but not for any further period.

We respectfully request that this clause be reinserted in a separate Part reserved for the Shipping of Seamen on Inland waters.

Section 229.—Stipulates that after signing the crew's agreement a Seaman, when discharged, if he has not earned one month's wages, is entitled to compensation not exceeding one month's wages and may recover that compensation as though it were wages duly earned. This was in the old Act, not only under Section 160, but also in Section 337, Part IV, relating to Inland Seamen.

On account of the short distance covered during voyages on the Great Lakes and Minor waters, it quite frequently happens that the duration of the trips extend for only periods of a few days; sometimes one week and invariably less than one month. It often becomes necessary to pay off the crews at the end of a trip, either through lack of cargoes, or the prospect of excessive delay in port. It is therefore neither logical nor practicable, under these conditions, to render a vessel liable for the payment of one month's wages.

Section 229 should not be operative, as regard Inland and Minor water voyages, and it also should not be applicable to home-trade voyages.

Section 231.—Requires that a Master shall pay each Seaman his wages, if demanded, within three days after delivery of the cargo, or upon Seaman's discharge, whichever first happens.

In the Inland waters a Steamer may be discharged of her entire cargo twice weekly, such as in the Montreal-Toronto trade, or once every week, such as in the Lake Erie, or Lake Ontario to Montreal grain and coal trade. Between Montreal and Quebec the Steamers discharge once every day. It can readily be seen how impracticable it would be to pay wages on demand within three days after the discharge of every cargo. Section 231 should not be applicable, therefore, to Steamers trading in the Inland and Minor waters.

Section 240. The power of the Court to rescind contracts appears very objectionable. This Section seems to invite dispute and litigation should Seamen get into the hands of unscrupulous lawyers, resulting in the expense of defending suits and Court costs to be shared by Ship Owners. This Section appears to be a new addition and we recommend that it be deleted.

Under Part IV of both the present and former Canada Shipping Act, a Master, under all conditions, is permitted to sign on members of the crew and discharge same before a respectable witness, or he may, if he so desires, sign and discharge them in the presence of a Shipping Master or Officer of Customs.

Should it be compulsory to sign on crews and discharge same in the presence of a Shipping Master or Customs Officer, and pay all wages similarly, the expense incurred by the payment of Shipping Masters'

and Customs Officers' fees would amount to a contribution, by our Company alone of upwards of \$10,000 each season of navigation, on account of the frequency with which we have to lay off and re-engage crews.

This is the primary reason why the Shipping of Inland Seamen should be in a separate Part with almost similar provisions in the Sections as are contained in the present Act, Chapter 186.

PART V

Sections 344-365.—Repatriation of Distressed Seamen.

This Part more particularly applies to Sea-going vessels. There are some Sections which would apply to vessels trading to United States Ports on the Great Lakes, but we have no objection to any of these Sections.

PART VI

Sections 366-373.—Sick Mariners and Marine Hospitals.

The principal objection to the levy of Sick Mariners duty as applied at present is the fact that all benefits terminate at the end of each calendar year, unless a Seaman be already in hospital.

As regards vessels on Inland waters, the duty only becomes payable after a vessel arrives at a port in Quebec, from a port in the United States. If a vessel trades from ports in Ontario to ports in the Province of Quebec, no dues would be collected. In consequence of this, there is considerable dissatisfaction amongst Seamen, who find that some Seamen are entitled to hospital treatment by reason that their vessel has made a call at a port in the United States and paid Sick Mariners duty, whereas the Steamer on which they are sailing has made only trips between Ontario and Quebec and, therefore, has not contributed duty.

It would be preferable if all Steamers arriving in the Province of Quebec were treated exactly alike in this respect, so that all Seamen, in case of illness, would be entitled to hospital treatment. Instead, however, of a compulsory payment of three amounts of Sick Mariners duty, based on a rate of two cents per nett registered ton, it should be sufficient if two payments were collected from all Steamers. We, therefore, respectfully recommend this change provided the maximum payment during twelve months is fixed at two contributions per vessel.

In advocating that the duration of the benefits should continue twelve months from the first payment, we might state that we have known a case where the dues were collected during December on the last trip of the season, and a Seaman, who took sick during the laying up period, but did not apply for hospital treatment until the third day of January, was refused admission to the hospital, because he had not applied before the 31st of December.

We would also point out the difference in the Act regarding a vessel arriving from a place out of Canada. According to Section 367, subsection (b), certain ships will only pay duty once on the same voyage. This privilege is accorded to a vessel, coming from a place out of Canada, which may arrive at Prince Edward Island, then a port in New Brunswick and another in Nova Scotia. According to the Act, the Master, if coming from Ontario, would require to pay duty at each Maritime Province at which he called, even on the same voyage, that is, discharging or loading part cargo en route.

The same condition should govern for a vessel calling at more than one Maritime Province on the same voyage, regardless of whether the vessel arrived from a place out of Canada, or from Ontario.

PART VII

Sections 374-452.—Pilotage District and Authorities.

Section 385 refers to a possible establishment of a pilotage district between Lake Ontario and Lachine. We have no objection to the wording of Section 385 as it occurs in Bill J. We do not, however, see that the establishment of a pilotage district in these waters is required.

We believe there may be considerable difficulty in successfully controlling pilotage between Lake Ontario and Lachine, principally for the reason that about half the number of vessels proceeding to and from Lake Ontario do so via Cape Vincent, which is American water, the remainder passing by Kingston. For a considerable distance the vessels are navigated in American channels, approximately fifty miles down-bound and forty-four westbound, if proceeding via Cape Vincent, and fourteen miles less if passing to the North of Wolfe Island via Kingston.

It seems likely to cause considerable complication to frame rules to which vessels of the United States and pilots of that Country would be subject, in like manner to Canadian pilots.

We are satisfied to leave the clause in Bill J as at present without making any regulations beyond the requirement of a certificate of competency as provided in new Section 385.

Section 416.—Ships Exempt from the Payment of Pilotage Dues.

We respectfully request that subsection (v) of Section 477 of Chapter 113, which was repealed on the 20th July, 1908, be reinstated in the Act, and included as a part of Section 416 of Bill J. We recommend the exact wording of the former Act, with the exception of the word "exclusively," which it is important should be deleted. The clause would then read:—

having a draft when loaded not exceeding sixteen feet, and employed in voyages between any port or ports on Lake Ontario, Lake Erie, Lake Huron, Lake Superior, Lake Michigan, or on any of the waters connecting those lakes and any port or ports on the river St. Lawrence, or between any ports on the river St. Lawrence.

Masters of vessels trading in the Gulf of St. Lawrence, carrying cargoes of pulpwood and woodpulp, are holders of Coasting certificates, which they obtain only after the required experience in Coasting waters and a full understanding of the International Rules of the Road. These men are fully acquainted with the route from the lower St. Lawrence to Quebec and are capable to pilot their own ships between Father Point and Quebec. There are other vessels which trade from ports in Nova Scotia to Montreal and occasionally make trips to the Great Lakes and return. These vessels, if only making trips between a Maritime Province and Quebec or Montreal, are, by law, exempt from the compulsory payment of pilotage, but should they proceed beyond Montreal to the Great Lakes they become liable to compulsory payment of pilotage whether a pilot is taken or not.

May we respectfully point out that there is no justification why vessels trading between the Province of Quebec and any port of the United States of America on the Atlantic, North of New York, should be exempt from the compulsory payment of pilotage, while Masters of Steamers, who have for years been trading between Great Lakes ports and the lower St. Lawrence, and are fully accustomed to the route and conversant with the International Rules of the Road, should be compelled to pay pilotage.

Furthermore, as a considerable portion of the pulpwood trade is carried from ports on the North shore of the St. Lawrence river, it is decidedly inconvenient for a vessel to cross over to Father Point to pick up a pilot, and in periods of gales and stormy weather, it adds to the perils of the voyage.

We have no intention, and never have had any intention, to permit our Masters to navigate the River St. Lawrence below Quebec without pilots, unless they are absolutely familiar with the route, and, therefore, we are prepared to make the statement that we are, in no way, suggesting anything that would be a menace to the navigation of Ocean-going Steamships by the re-instatement of the aforementioned sub-section, so that the class of vessels referred to may be included amongst those which shall be exempted ships.

PART XI

Sections 696-710.—Public Harbours and Harbour Masters.

Section 707 is new and provides for payment by a ship moored or anchored in a harbour in excess of a period of thirty consecutive days. It is evident that this not only includes a Steamer laid up in the Summer months, but will include all ships laid up during the idle Winter season.

The new section will incur heavy expense to owners of ships which are required to be laid up through lack of business and, naturally, during the seasons that there is the least business and the most vessels are inactive in port, earning no revenue, the greater will be the charges incurred for moorage dues.

There are Steamers in the passenger trade only navigating three months during each year, which means that if laid up in a Public Harbour they will be compelled to contribute eight months moorage dues.

We estimate that the fleet of the Canada Steamship Lines, consisting of 104 vessels, will, in an ordinary season, be required to contribute in excess of \$48,000 for moorage or anchorage dues, if this section is included in the Act.

We feel bound to strenuously protest such a heavy charge being incurred when there is absolutely no revenue to be derived which will offset this heavy liability. We have no objection to a small Harbour fee being charged for a Steamer, such as prevails in some ports at present, amounting to \$20 or \$40 for the use of a Winter berth, for the season, but we feel that the present is a most inopportune time to add to the burdens of the ship-owner by imposing such a heavy charge for the protection afforded by a Harbour during periods of inactivity.

PART XII

Sections 711-744.—Port Wardens.

Section 714, *Sub-section (3)*.—This relates to the carriage of grain cargoes on Inland vessels. The three last words "by efficient means," are liable to cause controversy from time to time, as to the exact meaning.

If the paragraph ended at the word "Shifting," it would still provide for reasonable precautions being taken and we recommend that the three last words "by efficient means" be struck out.

Section 718.—Although this appeared in the Old Act, it is quite unfair in reference to a vessel arriving from the Great Lakes, to say that the absence of the Port Warden, at the time when hatches are removed, shall be considered "prima facie" evidence of improper stowage or negligence.

Damage to cargo, as a rule, is not generally discovered until the discharge of the cargo has been in process for some time and frequently not until the cargo is almost discharged. The Section, therefore, is most objectionable, particularly in regard to voyages on the Inland waters.

It states in Section 711, in regard to the application of this Part, that it does not apply to the Harbours of Quebec or Montreal. It would, however, apply to such grain-unloading ports as Port Colborne, Kingston, Goderich and the ports in the Georgian Bay, and in these ports there is no person filling the office of Port Warden.

We recommend that Section 718 be struck out entirely.

PART XIII

Sections 745-769.—Navigation, Collisions, Limitation of Liability.

Section 760.—This imposes upon Carriers the obligation to carry passengers or goods, whether desirable or not. This Section appears in the present Act, but we believe is obsolete and should be deleted.

Section 761.—Requires diligence in the safe-keeping and punctual conveyance of goods. We respectfully suggest the omission of the words "and punctual conveyance" as being liable to cause controversy.

The section is a copy of the former Acts, but we submit that delays in navigation frequently occur quite beyond the control of the Carrier, there having been no want of evidence to this fact during recent years, particularly in regard to grain congestion.

It is due to our experience with the transportation of grain cargoes that we object to the reference to "punctual conveyance" being included. It is the practice to ship most cargoes of grain from the Head of the Lakes in large Upper Lake vessels, transshipping same at Port Colborne, Kingston or Prescott.

It has frequently happened that through circumstances, quite beyond the control of the Carriers, transshipment has been delayed. For instance: the congestion which has prevailed at Montreal has backed up and its effect has reached the transshipping point of Port Colborne, where Lake Steamers have been delayed in unloading. The inability to unload Canal Steamers promptly at Montreal has prevented them reaching Port Colborne to relieve the situation, thereby causing unpreventable delay to grain in transit. In addition to this, numerous mishaps occur in the canals which tend to prevent the "punctual conveyance of goods."

It is the custom of the trade for Carriers to convey goods as punctually as possible and, therefore, it seems unwise to have this included as a law, leaving the way open for legal action to be taken when the cause of delay resulted from circumstances beyond the control of the Carriers. We think no harm will result, nor any undue delay be caused in the transportation of cargoes, merely because of the fact that the words "punctual conveyance" are struck out from the Section.

Should it not be considered advisable merely to strike out the words "punctual conveyance" then we respectfully suggest that the entire Section 761 be removed from the Act. The conditions of the Section are already taken care of under The Water Carriage of Goods Act, and in the customary Bills of Lading.

Section 762.—This section, which limits liability for loss of personal baggage of passengers, we believe should be deleted. As has been stated in the Preliminary Memorandum prepared in explanation of the amendments to the Act "the conditions of passenger traffic under many circumstances make it seem hardly fair to expect the Carrier to be an

insurer of passengers' luggage." The Manager of the Shipping Federation has already stated to the Honourable Members of the Committee that he is in accord with our opinion that both sections 760 and 762 should be deleted.

PART XIV

Sections 770-775.—Coasting Trade in Canada.

We approve of the five Sections in this Part, but in regard to Section 774, dealing with the power to suspend Coasting Laws, we repeat that the authority contained in this Part should not be exercised without the fullest investigation of prevailing conditions, as outlined in Page 3 of this Memorandum.

PART XV

Sections 776-784.—Delivery of Goods.

Reference is made in Section 776, under the delivery of goods, that subject to there being nothing in the charter party, bill of lading or agreement, to the contrary, the time to take delivery shall be seventy-two hours. After that time the owner of the Steamer is permitted to land the goods on some wharf or in a warehouse. It may happen, however, that there may be no available warehouse or grain elevator to receive the cargo and, therefore, it appears right that provision should be made for the payment of demurrage for delay caused by failure to discharge the ship.

We suggest the addition of a clause which shall state that a consignee failing to take delivery of a cargo within the period of seventy-two hours from the time of arrival, Sundays and legal holidays excepted, shall be liable for demurrage, this charge to be based on the earnings of the vessel at a daily rate calculated on the freight which would have been earned had the vessel been discharged within the period of seventy-two hours.

Sections 777-784.—These two Sections are new to the Canada Shipping Act, but we approve of both being included in the new Act.

PART XVII

Sections 808-821.—Supplemental.

Section 816 is new to the Canada Shipping Act, but is taken from the Merchant Shipping Act. We believe the rights given to certain Officers or Shipping Master to go aboard a Steamer and demand the production of Log books and documents can be very objectionable, especially in cases of collisions, and we do not consider that this is a desirable Section to include in the Act.

We suggest the inclusion, in some Part of the Act, of a new Section by which foreign vessels, other than vessels of the United States of America, engaged in trade through Canadians canals and Inland waters, should furnish a Bond as a guarantee of damage they might cause to canals, other ships or property.

Having regard to the number of foreign vessels using the St. Lawrence Canals, the Welland Ship Canal and St. Mary's Canal, and the possibility of extensive damage being caused by any one of these vessels engaged in trading in the Inland waters of Canada, every such Steamer, when arriving at Montreal on the first trip of each Season of Navigation, should be required to furnish a substantial Bond of not less than \$10,000 obtained from an approved Bonding Company as a guarantee in case of loss of life, damage to other vessels, or damage to canals and other property.

Even extended to include United States vessels, it could not be considered as an unfriendly act in view of the fact that our ships are compelled to furnish a Bond covering every Port of Call on the Great Lakes in the United States of America.

We may say that Canadian vessels are required to furnish a Bond of \$5,000 at Ports of Call in the United States. We are particularly desirous of directing attention to the necessity of obtaining protection from the ubiquitous Scandinavian and other foreign vessels engaged in our waters and canals, which vessels for the most part leave our waters prior to the close of each season of navigation and, therefore, are out of reach.

Respectfully submitted,

CANADA STEAMSHIP LINES LIMITED.

ESTIMATED COST OF MOORAGE IN PUBLIC HARBOURS OF CANADA STEAMSHIP LINES' FLEET OVER PERIOD OF TWELVE MONTHS, BASED ON YEAR OF 1932 OPERATIONS, IF FLEET BECAME LIABLE FOR MOORAGE DUES AS PROPOSED IN SECTION 707.

Steamer	Monthly charge	No. of months	Costs
	\$ cts.		\$ cts.
41 Canallers.....	55 00	4	9,020 00
15 Canallers.....	55 00	12	9,900 00
Ashcroft.....	168 00	6	1,008 00
Brentwood.....	90 00	6	540 00
Collingwood.....	96 50	6	579 00
Donnacona.....	181 25	6	1,087 50
Emperor.....	144 38	4	577 52
Gleneagles.....	178 80	6	1,072 80
Glenross.....	75 46	12	905 52
Goderich.....	136 08	4	544 32
Hagarty.....	162 25	4	649 00
Huguenot.....	70 20	12	842 40
Lemoynes.....	221 55	6	1,329 30
Martian.....	86 50	6	519 00
Midland King.....	90 00	6	540 00
Midland Prince.....	128 15	4	512 60
Osler.....	142 80	6	856 80
Portsmouth.....	77 44	12	929 28
Prescott.....	128 00	6	768 00
Renfrew.....	76 14	12	913 68
Renvoyle.....	83 38	7	583 66
Saskatchewan.....	50 54	12	606 48
Valcartier.....	86 64	6	519 84
Westmount.....	159 50	4	638 00
Stadacona.....	174 60	6	1,047 60
5 "Cities".....	40 00	4	800 00
Arvida.....	37 45	12	449 40
Hamonic.....	87 50	4	350 00
Huronic.....	69 02	4	276 08
Noronic.....	94 12	8	752 96
Cape Eternity.....	51 87	12	622 44
Cape Trinity.....	46 20	12	554 40
Cayuga.....	56 43	6	338 58
Chippewa.....	55 62	8	444 96
Corona.....	43 20	12	518 40
Kingston.....	15 84	8	414 72
Toronto.....	48 42	8	387 36
Batisca.....	49 40	12	592 80
Rapids King.....	46 20	12	554 40
Rapids Prince.....	36 45	8	291 60
Richelieu.....	77 52	8	620 16
Saguenay.....	55 00	12	660 00
St. Lawrence.....	112 02	8	897 60
Tadoussac.....	122 50	7	857 50
Quebec.....	122 50	7	857 50
Turbinia.....	41 25	12	495 00
			48,226 16

SELECT STANDING COMMITTEE

Season	Total grain shipped from Montreal received ex vessel and railway	Carrying capacity upper lakers available deliver grain at Port Colborne	Carrying capacity canal steamers available load, Port Colborne and unload Montreal	Carrying capacity package freight steamers carrying grain direct Fort William-Montreal
	bushels	bushels	bushels	bushels
1923.....	120,107,990	165,233,00	172,221,000	2,488,000
1924.....	165,139,399	182,558,000	181,062,000	3,640,000
1925.....	166,212,335	203,103,000	199,500,000	3,640,000
1926.....	135,897,882	216,318,000	180,285,000	8,344,000
1927.....	195,247,914	278,963,000	201,495,000	9,496,000
1928.....	211,295,379	278,963,000	231,630,000	9,496,000
1929.....	90,674,208	281,826,000	274,449,000	10,072,000
1930.....	81,669,864	287,636,000	289,506,000	10,072,000
1931.....	89,512,312	287,636,000	285,742,000	10,072,000
1932.....	109,164,344	287,636,000	285,742,000	10,072,000

It can be figured that some of the Canal Steamers would be required for other trades, but the above quantity of grain shown as possible to deliver at Port Colborne, could still be carried by diverting the Upper Lake Steamers to Georgian Bay Ports and carrying by rail to Montreal.

Some exportation of grain has been made via Quebec, and during the last two years via Sorel, but the available tonnage shown above, which was not required to transport grain to Montreal far exceeds the additional shipments from Quebec and Sorel.

CANADIAN UPPER LAKE GRAIN VESSELS

	Where built	When built	Rebuilt	Transferred to Canadian registry	Grain capacity
					bushels
<i>Algoma Central Steamship Co.—</i>					
Home Smith.....	U.S.A....	1901	1920	1918	210,000
J. F. Taylor.....	U.S.A....	1901	1919	1918	210,000
W. C. Franz.....	U.S.A....	1901	1918	1918	210,000
					630,000
<i>Arrow Steamship Company—</i>					
Robt. P. Durham.....	Canada...	1902	1929	1902	205,000
					205,000
<i>Canada Steamship Lines Limited—</i>					
Ashcroft.....	Canada...	1924			420,000
Brentwood.....	Canada...	1903			208,000
Collingwood.....	Canada...	1907			239,000
Donnacona.....	Canada...	1914			460,000
Emperor.....	Canada...	1910			350,000
Gleaneagles.....	Canada...	1925			433,000
Glenross.....	England..	1925	Length-ened	/26. 1925	190,000
Goderich.....	U.S.A....	1908		Prior 1917	330,000
Hagarty.....	Canada...	1914			375,000
Huguenot.....	U.S.A....	1890		1922	130,000
Lemoyne.....	Canada...	1926			550,000
Martian.....	U.S.A....	1901		Prior 1917	209,000
Midland King.....	Canada...	1903			222,000
Osler.....	Canada...	1907			324,000
Portsmouth.....	U.S.A....	1896	1923	1923	184,000
Prescott.....	U.S.A....	1903		1918	326,000
Renfrew.....	U.S.A....	1893		Prior 1917	138,000
Renvoyle.....	England..	1925		1925	163,000
Saskatchewan.....	U.S.A....	1890		Prior 1917	125,000
Stadacona.....	Canada...	1929			443,000
Valcartier.....	U.S.A....	1903		Prior 1917	212,000
Westmount.....	Canada...	1917			375,000
					6,406,000

CANADIAN UPPER LAKE GRAIN VESSELS—*Concluded*

	Where built	When built	Rebuilt	Transferred to Canadian registry	Grain capacity bushels
<i>Great Lakes Transit Corporation—</i>					
James B. Eads.....	U.S.A....	1894	1920	1927	210,000
John Ericson.....	U.S.A....	1896		1930	192,000
Ralph Budd.....	U.S.A....	1905		1929	223,000
Bge. Alex. Holley.....	U.S.A....	1896		1930	216,000
Bge. Glenbogie.....	U.S.A....	1902		1925	201,000
Bge. 137.....	U.S.A....	1896		1927	191,000
					1,233,000
<i>Lake Erie Coal Company—</i>					
Alex. Leslie.....	U.S.A....	1901		1927	210,000
					210,000
<i>Mathews Steamship Company—</i>					
Bayton.....	U.S.A....	1904		1922	260,000
Berryton.....	U.S.A....	1908		1922	345,000
Laketon.....	U.S.A....	1903		1917	260,000
Mathewston.....	Canada...	1922			415,000
Riverton.....	U.S.A....	1896	1915	1915	275,000
Royalton.....	Canada...	1924			415,000
					1,970,000
<i>Northland Steamship Co. Ltd.—</i>					
Sarnian.....	U.S.A....	1895		Prior 1917	150,000
					150,000
<i>Paterson Steamships Ltd.—</i>					
Bricoldoc.....	U.S.A....	1902		1927	255,000
Canadoc.....	U.S.A....	1899	1913	1927	252,000
Fortwilldoc.....	U.S.A....	1901	1925	1927	285,000
Mantadoc.....	U.S.A....	1903	1925	1927	260,000
Ontadoc.....	U.S.A....	1903	1925	1927	250,000
Prindoc.....	U.S.A....	1901	1916	1927	215,000
Quedoc.....	U.S.A....	1890	1923	1918	151,000
Saskadoc.....	U.S.A....	1900	1913	1927	252,000
Soodoc.....	U.S.A....	1902	1925	1927	260,000
Vandoc.....	U.S.A....	1898	1912	1927	260,000
Windoc.....	U.S.A....	1899	1912	1927	260,000
					2,700,000
<i>Western Navigation Co. Ltd.—</i>					
Anna C. Minch.....	U.S.A....	1903	1914	1926	226,000
					226,000
					13,730 000

CANADIAN UPPER LAKE VESSELS REMOVED FROM GRAIN TRADE DURING YEARS
1923-1932

Steamer	Where built	Year built	Operated in Canadian grain trade	Grain capacity bushels
Midland Prince.....	Canada.....	1907	1907 to 1928	320,000
Maplecourt.....	U.S.A.....	1894	1922 to 1929	128,200
Glenbrae.....	U.S.A.....	1890	1919 to 1925	150,000
Glencairn.....	U.S.A.....	1893	1920 to 1925	150,000
Glenlyon.....	U.S.A.....	1893	Prior 1917 to 1925	175,000
Glenmount.....	U.S.A.....	1887	Prior 1917 to 1926	140,000
Altadoc.....	U.S.A.....	1901	1926 to 1928	210,000
				1,273,000

CANADIAN LOWER LAKE GRAIN VESSELS

Owners	Steamer	Grain capacity	Total
Abitibi Power & Paper Co. Limited.....	Wahcondah.....	50,000	50,000
Aube Steamship Company.....	Aube.....	60,000	
Birchbay Steamship Co., Ltd.....	Teakbay.....	95,000	60,000
Canada Steamship Lines Limited.....	Acadian.....	82,000	95,000
	*Anticosti.....	72,000	
	*Barrie.....	85,000	
	Camrose.....	70,000	
	Canmore.....	70,000	
	Chandler.....	70,000	
	Chapleau.....	70,000	
	Chatsworth.....	70,000	
	Courtright.....	70,000	
	Don. Stewart.....	82,000	
	Dundas.....	80,000	
	Elgin.....	80,000	
	Fairmount.....	83,000	
	*Grainmotor.....	100,000	
	*Granby.....	73,000	
	*Hamilton.....	78,000	
	Hastings.....	80,000	
	Kindersley.....	73,000	
	*Kinmount.....	82,000	
	Kipawa.....	68,000	
	*Knowlton.....	73,000	
	Lanark.....	80,000	
	Lennox.....	80,000	
	*Magog.....	73,000	
	Mapleheath.....	84,000	
	*Maplehill.....	69,000	
	Mapleton.....	75,000	
	*Meaford.....	85,000	
	Norfolk.....	80,000	
	Oxford.....	80,000	
	*Penetang.....	85,000	
	Rosemount.....	72,000	
	*Sherbrooke.....	73,000	
	Simcoe.....	80,000	
	Starmount.....	84,000	
	Thunder Bay.....	68,000	
	Vinmount.....	64,000	
	Waterloo.....	80,000	
	Winona.....	63,000	2,986,000
Canadian Lake Carriers Limited.....	Trenora.....	86,000	
Canadian Terminal System Limited.....	Rahane.....	76,000	86,000
Carter Wood Lines Ltd.....	Chemong.....	82,000	76,000
	Drumahoe.....	82,000	
Crawford & Company.....	Bruhin.....	76,000	164,000
Eastern Steamship Company (Boland & Cornelius, Managers, Buffalo).	A. C. Field.....	90,000	76,000
	Chas. R. Huntley.....	90,000	
	Edwin T. Douglass....	90,000	
	Frank B. Baird.....	90,000	
	Geo. L. Torian.....	90,000	
	Jas. Stewart.....	90,000	
	J. A. Holloway.....	90,000	
	J. B. Richards.....	90,000	
	J. J. Rammacher.....	90,000	
	J. S. Pillsbury.....	90,000	
	Judge Hart.....	90,000	
	Judge Kenefick.....	90,000	
	N. B. MacPherson.....	90,000	
	N. P. Clement.....	90,000	
	Rt. W. Pomeroy.....	90,000	
	Shelton Weed.....	90,000	
	Shirley G. Taylor.....	90,000	
	W. F. Nisbet.....	90,000	
	Wm. C. Warren.....	90,000	
	Wm. H. Daniels.....	90,000	1,800,000

*Built in Canada.

CANADIAN LOWER LAKE GRAIN VESSELS—Continued

Owners	Steamer	Grain capacity	Total
The Essex Transit Co. Ltd.....	Aragon.....	66,000	66,000
Fairport S.S. Co. Limited (Jenkins, Mgrs., Cleveland)	Fairlake..... Fairriver.....	95,000 95,000	190,000
Foote Transit Co. Limited	F. V. Massey.....	92,000	92,000
Hall Corporation Co. of Canada.....	Aycliffe Hall..... Connischiffe Hall..... Eaglescliffe Hall..... Geo. L. Eaton..... John H. Price..... Meadcliffe Hall..... Mount Louis..... Rockcliffe Hall..... Westcliffe Hall.....	92,000 92,000 92,000 92,000 97,000 92,000 93,000 92,000 92,000	834,000
Inland Steamship Co. Limited.....	Damia..... Saracen.....	95,000 95,000	190,000
Inland Waters Navigation Co. Ltd.....	Turret Cape.....	64,000	64,000
International Waterways Navigation Co. Limited....	Belvoir.....	85,000	85,000
Keystone Transports Ltd.....	Keybar..... *Keybell..... Keynor..... Keyport..... Keystate..... Keyvive..... Keywest.....	82,000 76,000 82,000 80,000 82,000 80,000 80,000	562,000
Lake Steamship Co. Ltd.....	Birchton..... Cedarton..... Oakton.....	85,000 85,000 85,000	255,000
Lakes and St. Lawrence Navigation Co. Ltd.....	Casco.....	95,000	95,000
Mathews Steamship Co. Ltd.....	Arlington..... *Brookton..... Easton..... Fulton..... Livingston..... Malton..... Northton..... Southton..... Waterton..... Wiarton..... Yorkton.....	75,000 70,000 80,000 87,000 84,000 66,000 85,000 92,000 84,000 70,000 80,000	873,000
Mont Louis S. S. Co.....	Walter B. Reynolds....	93,000	93,000
Northwest Transportation Co.....	Georgian..... Superior.....	75,000 56,000	131,000
Paterson Steamships Ltd.	Cartierdoc..... Coteaudoc..... Farrandoc..... Ganandoc..... Hamildoc..... Kingdoc.....	95,000 95,000 93,000 95,000 95,000 94,000	

*Built in Canada.

CANADIAN LOWER LAKE GRAIN VESSELS—*Concluded*

Owners	Steamer	Grain capacity	Total
Paterson Steamships Ltd.— <i>Con</i>	Lachinedoc.....	95,000	1,771,000
	Lavaldoc.....	95,000	
	Lawrendoc.....	96,000	
	Mondoc.....	95,000	
	Newbrundoc.....	95,000	
	Novadoc.....	95,000	
	Prescodoc.....	96,000	
	Sarniadoc.....	95,000	
	Soreldoc.....	95,000	
	Thordoc.....	62,000	
	Torondoc.....	95,000	
	Troisdoc.....	96,000	
	Wellandoc.....	94,000	
Port Colborne & St. Lawrence Navigation Co., Ltd...	Benmaple.....	75,000	75,000
Quebec & Ontario Transportation Co., Ltd.....	Chicago Tribune.....	82,000	164,000
	New York News.....	82,000	
Red Barge Line Limited.....	*Red Chief.....	115,000	690,000
	*Red Cloud.....	115,000	
	*Red Fern.....	115,000	
	*Red Head.....	115,000	
	*Red River.....	115,000	
	*Red Wood.....	115,000	
Sarnia Steamships Ltd.....	C. H. Houson.....	95,000	570,000
	John J. Boland, Jr.....	95,000	
	John O. McKellar.....	95,000	
	Jos. P. Burke.....	95,000	
	Ralph Gilchrist.....	95,000	
	Scott Misener.....	95,000	
St. Lawrence Steamships, Ltd.....	Algonquin.....	95,000	380,000
	Cheyenne.....	95,000	
	Imari.....	95,000	
	Sioux.....	95,000	
Trevisa S. S. Co., Limited.....	Trevisa.....	80,000	80,000
Union Transit Co., Limited.....	D. B. Hanna.....	80,000	332,000
	Geo. R. Donovan.....	80,000	
	J. S. B. Foote.....	80,000	
	Wm. Schupp.....	92,000	
Water Transports, Ltd.....	Deepwater.....	86,000	338,000
	Stillwater.....	86,000	
	Surewater.....	83,000	
	Swiftwater.....	83,000	
Welland Steamships, Ltd..... (Mgrs. Jenkins, Cleveland).	Lockwell.....	95,000	285,000
	Portwell.....	95,000	
	Starwell.....	95,000	
			13,608,000

* Built in Canada.

PACKAGE FREIGHT VESSELS

Engaged in carrying grain direct Fort William-Montreal

Owners	Steamer	Grain capacity	Total
Canada Steamship Lines, Limited.....	Beaverton.....	63,000	743,000
	Calgarian.....	59,000	
	Canadian.....	63,000	
	Edmonton.....	63,000	
	*Ferne.....	72,000	
	Kenora.....	63,000	
	Lethbridge.....	72,000	
	*Saskatoon.....	72,000	
	*Selkirk.....	72,000	
	*Weyburn.....	72,000	
	*Winnipeg.....	72,000	
Tree Line Navigation Co.	Ashbay.....	52,000	516,000
	Beechbay.....	52,000	
	Cedarbay.....	51,000	
	Elmbay.....	52,000	
	Maplebay.....	51,000	
	Oakbay.....	52,000	
	Pinebay.....	52,000	
	Poplarbay.....	52,000	
	Sprucebay.....	51,000	
	Willowbay.....	51,000	
			1,259,000

* Built in Canada.

Mr. McClymont: On one or two points only, and Mr. Duthie has one point that he would like to bring up, if you are agreeable, sir. I will not be lengthy. I do not propose to read this statement which is here.

When Mr. Enderby gave evidence here some days ago he promised to furnish a report on the tonnage on the Great Lakes for carrying grain. That statement has now been prepared and is attached at the back of the present brief. I might say that Mr. Enderby's statement was quite conservative. We find in one year we could have carried double the amount of grain that was carried.

Hon. Mr. GRIESBACH: What year?

Mr. McClymont: 1929, I think.

Mr. DUTHIE: It is shown at the back of the statement.

The CHAIRMAN: We will not take time to look that up now.

Mr. McClymont: In general, the new proposed Act, as it is shown here, is favourable, with one or two exceptions, to us. The first thing I want to refer to is section 707 which provides for moorage charges in public harbours. At the present time there are various rates charged, ranging from \$20 to \$50 in different harbours. This section proposes to make a charge up to one-half cent per square foot of the area taken up by a ship. I have had a statement drawn up here showing how that would affect the Canada Steamship Lines. We have taken the number of months that the ships laid up in ports, less thirty days in each case, and according to last year's operation this would run us into a cost of \$48,226.16.

Right Hon. Mr. MEIGHEN: The charge provided for here is the maximum. It says "such charge not exceeding one-half cent per square foot".

Mr. McClymont: If the one-half cent rate is enforced the amount that I have stated will be charged against our steamers.

Right Hon. Mr. Meighen: What has been the maximum charge under the present law?

Mr. McClymont: There is no definite charge. At Montreal there is a charge of \$20, and up in the Georgian Bay there is a charge of \$50.

Right Hon. Mr. Meighen: This helps you, then, for it provides a maximum.

The Chairman: What was your total cost in this connection in the year 1931?

Mr. McClymont: I have not worked that out, because there are some harbours which do not come in as free harbours.

The Chairman: Did it approximate \$45,000?

Mr. McClymont: No, sir, nothing like that. I should say it would not exceed \$5,000.

The Chairman: So your idea is that this might result in a charge to you of \$45,000, whereas the normal charges under the present law would not be \$5,000?

Mr. McClymont: I should say they would not exceed \$5,000.

Right Hon. Mr. Meighen: Under this section, though, a purely nominal charge could be made in summer, if desired.

Hon. Mr. Griesbach: I think, Mr. McClymont, that you have not read the section properly. If a ship occupies a harbour for twenty-seven days, or any time less than thirty days, there would be no charge.

Mr. McClymont: That is right, sir.

Hon. Mr. Griesbach: But if the ship occupied the harbour for thirty-one days it would pay for thirty-one days.

Mr. McClymont: I did not understand it that way. That would increase the amount we have estimated.

Mr. Hawken: Mr. Chairman, may I be permitted to say to the Committee that this is new. There has been no provision in the Canada Shipping Act up to this time for a charge of this nature. What Mr. McClymont is referring to is a charge of \$20 up to \$50 under the Government Harbours and Piers Act for a vessel tying to a government dock for winter. But in the past few years we have found a number of harbours cluttered up with ships in the summer-time so that it was pretty hard to do business there.

Hon. Mr. Griesbach: Are you satisfied with the drafting of this section?

Mr. Hawken: The ship pays after thirty days.

Right Hon. Mr. Meighen: But it does not say what period the charge of one-half cent per foot is to cover. A ship could stay in harbour for ever without any further charge after paying the moorage referred to here. The section will have to be redrafted.

Mr. McClymont: The figures that we have made up here are based on that charge for one month.

The Chairman: We will note this section for revision.

Mr. McClymont: I would like Mr. Duthie to speak on the next point, the signing on of seamen. He is just a little more familiar with it than I am.

Right Hon. Mr. Meighen: You speak of what you have to speak of first.

Mr. McClymont: Sections 366 to 373, Sick Mariners' Funds. That is on page 7 of our memorandum. As the law is at the present time a ship coming from Ontario into the province of Quebec does not pay sick mariners' dues. We would like to pay sick mariners' dues, probably twice a year, and so have

the benefit of our seamen being taken care of if they are injured or sick. A steamer from a foreign port pays sick mariners' dues, and the crew have the privilege of being taken care of in a hospital. At the present time dues are paid three times a year. We would like to have our steamers pay sick mariners' dues twice.

Right Hon. Mr. MEIGHEN: Even steamers operating between Ontario and Quebec?

Mr. McClymont: Between Ontario and Quebec.

Hon. Mr. KING: On all your ships on the lakes?

Mr. McClymont: Yes, lakes and rivers. We have our steamers sailing from as far east as the Saguenay, and on the lakes—all coastal steamers. The way the Act is at the present time, when a steamer comes into Montreal having a sick man on board, they check up to see if the sick mariners' dues have been paid, and if they have, that man is entitled to go to hospital. If she is from a foreign port and the sick mariners' dues have not been paid that man cannot go to the hospital.

Hon. Mr. KING: This is not international?

Right Hon. Mr. MEIGHEN: Apparently it is the Canada Shipping Act. It has been changed a little, but not much. What do you say, Mr. Hawken, as to that?

Mr. Hawken: I am not as familiar with that as I might be. This part of the Act is administered by the Department of Health. I might say that the Canada Steamship Lines and other vessel owners have had this matter up with the Department of Health.

Hon. Mr. KING: My understanding of the sick mariners' dues is that they are paid under an international agreement—and the same principle applies in other countries. Ships come into the harbour from a foreign port and they provide a fund to take care of sick mariners. The application of that to lake ships would be quite an innovation.

Mr. McClymont: I think you would have more revenue coming in from that. Our company has probably forty-one steamers coming from Ontario to Montreal alone. Ships coming from foreign ports pay three times a year, but if they come only once the seaman is entitled to treatment.

Right Hon. Mr. MEIGHEN: And if they come from Ontario—

Mr. McClymont: There are no dues paid coming from Ontario, but the seamen do not get treatment.

Right Hon. Mr. MEIGHEN: But under this Act they will have to pay, except in certain cases.

Mr. McClymont: Not coming from Ontario. I don't think that is taken care of.

Right Hon. Mr. MEIGHEN: I suppose all inter-Canadian shipping is free?

Mr. Duthie: Not all. If they come from the Maritime Provinces to Quebec, or from Ontario to the Maritime Provinces they pay.

Hon. Mr. Sinclair: Is that under the old Act or under this Act?

Mr. Duthie: Both.

Right Hon. Mr. MEIGHEN: Isn't that the coasting trade? It says "—unless the ship is engaged in the coasting trade of Canada." If it came from the Maritime Provinces to Quebec it would be in the coasting trade.

The Chairman: I think we ought to have the man here from the Department of Health.

Mr. HAWKEN: I have here a letter from Dr. Heagerty, Chief Executive, Assistant, of the Department of Pensions and National Health. It says:—

It is not the desire of the Department of Pensions and National Health that subsection 1 (a) of section 367 of the Canada Shipping Act should be amended so as to extend the provisions of the Act to vessels arriving in the province of Quebec from any port in the province of Ontario.

The object of the Act is to provide hospitalization for deep sea mariners and it was never the intention to make provision for the hospitalization of crews of vessels plying on the inland waters of Canada.

The above is for the information of the Parliamentary Committee, should an expression of opinion be requested.

Right Hon. Mr. MEIGHEN: That rather confirms what Dr. King has said.

Mr. McClymont: May I call on Mr. Duthie for the next point, the engagement of seamen, and pilotage below Quebec?

The CHAIRMAN: Will you come up here, Mr. Duthie?

Mr. DUTHIE: Although that letter says it was never meant for inland waters, we pay sick mariners' dues on vessels coming from Buffalo or United States points. There is where the unfairness comes in. If a man makes one voyage from Buffalo he gets sick mariners' treatment. If a man coming down in December gets pleurisy, and the dues are only paid on the 6th of December, the benefit expires on the 31st. It does not seem fair to charge sick mariner's dues when the benefits are only available to the 31st of December. It might be October again before you would pay. We feel that we would rather pay on all the boats, giving the fund more money to protect the seamen.

Captain DIXON: Mr. Anderson of the Department of Health advised me that if they brought the ships from Ontario under the provisions of the Act it would cost five times as much to administer as the fees amount to.

Mr. DUTHIE: I think I have made the situation as plain as I possibly can in this statement. There is not very much to say until one has read and digested it. The fact is that under the former Act the shipping of seamen on the Great Lakes was an entirely separate proposition from shipping seamen on foreign going ships, or anything of that nature. The reason is that we make very, very short trips, sometimes only overnight. There is a clause in the Bill that you must pay the crew's wages immediately after you discharge cargo.

Hon. Mr. GRIESBACH: What part of your memorandum are you referring to?

Mr. DUTHIE: At page 4.

Hon. Mr. GRIESBACH: What section?

Mr. HAWKEN: Sections 166 to 343 of the Bill.

Mr. DUTHIE: Section 231 is the section that I am dealing with. It provides that the seaman should be paid his wages three days after the delivery of the cargo. We deliver cargo at Quebec every day on the voyage from Montreal to Quebec. Similarly on the voyage from Kingston to Montreal we deliver two days after we sign a man on, supposing he signs at Kingston. Anything that is applicable to foreign-going ships is not applicable to ships on inland waters.

The CHAIRMAN: You mean that you would have to pay two, three or four times a week?

Mr. DUTHIE: Yes. In addition, you are required to pay in the presence of the shipping master. To make my submission short, there are nineteen clauses that are objectionable if applied to inland shipping.

Right Hon. Mr. MEIGHEN: You want the law as it is in respect to wages applicable to inland shipping?

Mr. DUTHIE: Yes. Also with respect to signing on and paying off of crews. There is a clause that requires you to have a certificate from the shipping master before you can obtain clearance from the Customs House. That is to say, you must go thirty times a session to get a certificate in Montreal. It does not offer any obstacle anywhere else, for at other places the Customs officer is also usually the shipping master. You are also required to give a seaman an account of his wages before you pay him off.

There is a very objectionable clause, 229, which was 116 in the former Act. It should be struck out. It says that if a man is engaged on a ship that does not sail he is to be paid one month's wages as the minimum. Strange to say, a man often makes a trip and works, but he does not get a month's wages. Under this section if he does not work at all he is to get a minimum of one month's wages. That might be all right for foreign trade, but it is not applicable to inland shipping. Sometimes we find our cargo has disappeared, so we won't sail the boat, and of course we do not want the men. We would not feel inclined to pay those men one month's wages. I don't think we should.

Right Hon. Mr. MEIGHEN: This is out of the British Act. Have they not coastwise shipping to which it applies?

Mr. DUTHIE: I could not tell you, but even in coastwise shipping I would not imagine it would apply on ferry boats and so on.

Right Hon. Mr. MEIGHEN: You say section 229 should apply only to foreign shipping?

Mr. DUTHIE: Yes, sir.

Hon. Mr. McLENNAN: Should it apply to coastal shipping?

The CHAIRMAN: I can see that it might be very embarrassing.

Right Hon. Mr. MEIGHEN: It might put them out of business.

Mr. DUTHIE: There is also a clause, I think it is in connection with wrecks. If by chance a vessel is stranded, and declared to be a total loss, or a constructive total loss, and the crew is paid off, they are entitled to two months' pay if they cannot find any other employment. I understand that was decided at Geneva four years ago for international trade. It is probably all right in ocean service. But there was in the former Act a specific clause that if a ship was lost, or employment otherwise ceased, the crew's pay terminated as soon as you were satisfied there was no more trade. It is not easy to know if a man can find employment for the next two months.

The CHAIRMAN: What is the clause you are talking about?

Mr. DUTHIE: Clause 225, wrecks, paragraph 2. I am told it is international law and is governed by the Geneva Conference, and has got to apply to ocean vessels. I understand it did apply to the boat that was lost at Bermuda. But it would never do to apply it to inland water traffic. It would be too costly. We could not afford to pay it.

Hon. Mr. GRIESBACH: Is that all set out in your memorandum?

Mr. DUTHIE: Yes, sir. I spoke about pilotage before, and you do not want me to go over that again.

The CHAIRMAN: We have your remarks in the evidence.

Mr. DUTHIE: At the end of the submission there is something Mr. McClymont did not mention. In the United States we have to put up a bond in every port that we won't land any man in that country who is not entitled to go there, and so on. That is a bond for \$5,000. We feel that in the case of Scandinavian boats and other foreign ships coming to Montreal that we are not properly protected in case of damage they may cause in our canals by collision. The damage may be ascertained while they are here, and you may put a seizure on them, but they may skoot away below Quebec where they

cannot be reached. We feel that a bond should be asked of all Scandinavian and other foreign boats. In that way you are not asking anything that is not in practice in the United States on the lakes. We feel that in case of damage to lock gates, and so on, you should be secure.

Right Hon. Mr. MEIGHEN: You mean damage to other vessels?

Mr. DUTHIE: Yes.

Right Hon. Mr. MEIGHEN: Not necessarily to the harbour?

Mr. DUTHIE: Yes. For instance, they may carry out a lock gate, and so forth. It might happen to be the foot lock. You have not got it in chains, and he may beat it out to sea. Suppose lock one at Montreal was carried out, the ship's captain would say, "I have done a thousand dollars damage. I will beat it out to sea." Of course, on the Welland canal he could not get out.

Right Hon. Mr. MEIGHEN: That is covered in your memorandum, too?

Mr. DUTHIE: Yes, sir, number 13.

The CHAIRMAN: Are there any questions you would like to ask Mr. Duthie, gentlemen? Or Mr. McClymont? We have all your remarks in this brief?

Mr. DUTHIE: Yes.

The CHAIRMAN: All right, Mr. Duthie.

Hon. Mr. McLENNAN: Mr. Chairman, I see that Mr. Alexander Johnston is here, and it has occurred to me that he could give us some very valuable advice, either to-day or later.

The CHAIRMAN: We will be glad to hear Mr. Johnston, if he wishes to say anything. Is there anything that you would like to say to us just now on this Bill, Mr. Johnston?

Mr. JOHNSTON: There nothing I wish to say at the moment, Mr. Chairman. As a matter of fact, I have not had an opportunity of seeing the revised draft, and I have not the slightest idea what the new Bill is like.

The CHAIRMAN: Thank you, Mr. Johnston. We may have an opportunity of hearing you later, perhaps?

Mr. J. T. GAUTHIER: Mr. Chairman, I was a delegate at the League of Nations conference at Geneva in 1920, when the resolution was adopted recommending the law as it is stated in section 225 of the Bill. I represent the seamen, and I wish to recommend to this honourable Committee that the requirement to show a load-line be applied to all Canadian vessels navigating in Canadian waters. The object is to prevent accidents through the sinking of ships in storms.

We also recommend that a lifeboat inspector be required to see an actual demonstration of the putting of lifeboats over the side of the ship, and to make a record of the time. In some instances it might take as long as half an hour to get a lifeboat from the deck of a ship down to the water, and in case of an accident, if a ship is sinking rapidly, even fifteen minutes is too long for the launching of a lifeboat. I beg to submit that on lake vessels a lifeboat should be placed near the quarters where the crew lives. Present lake vessels carry the lifeboat aft, while in many cases the crew lives forward, perhaps a distance of 240 feet from the lifeboat. It can be seen how much more difficult it is for them to escape, in case of a collision, than it would be if there were a lifeboat at the forward part of the ship.

Then I submit that lake boats which carry pulp wood be required to have an opening to permit the crew to get out from below to the deck of the ship. Some of these ships carry high piles of wood on deck, and there is danger of the wood falling, in case of a collision, and blocking the forecastle door, thus preventing the crew from escaping.

Also I beg to submit that every ship be obliged to carry a certain number of crew. At the present time the owner can put as few men as he wishes on a ship,

no matter what the size of the ship may be. If a seaman gets \$40 or \$45 a month and works twenty-four hours a day, he is paid at the rate of 7 cents an hour. Take a boat that leaves Montreal and goes through the Lachine canal to Kingston, occupying thirty-six hours through the canal and river, the men work all the time and their pay works out at about 7 cents an hour.

Right Hon. Mr. MEIGHEN: They work day and night?

Mr. GAUTHIER: Yes sir. I am willing to explain the whole situation about inland shipping, from Duluth down to Cape Breton, if the Committee desires. It would take about fifteen minutes.

Right Hon. Mr. MEIGHEN: I think we have that information already before us.

The CHAIRMAN: You have a memorandum in your hands. Do you intend to leave that with us?

Mr. GAUTHIER: Well, it was not prepared for that purpose. It is merely a memorandum for my own use.

Right Hon. Mr. MEIGHEN: Could you prepare a memorandum for us?

Mr. GAUTHIER: I will send you one, exactly as I want it, sir. May I be permitted a few more words?

The CHAIRMAN: Certainly.

Mr. GAUTHIER: Under the present law, after a seaman has served twelve months, and then twelve months as a wheelsman and another twelve months as a mate, he can come up for a master's certificate, and when he gets that he is entitled to take a ship anywhere from Duluth down to Father Point. In some places the channel is narrow, and I submit to the serious consideration of the Committee that a man needs a much longer experience than that to qualify him to take a big ship down from Montreal to Father Point.

The CHAIRMAN: In other words, you think that is not a long enough period of apprenticeship for masters?

Mr. GAUTHIER: And those men are not compelled to pass an eyesight examination, like the pilots are. On the St. Lawrence river a pilot has to specialize for five years to be qualified to operate between Montreal and Quebec, and for seven years to operate between Father Point and Quebec.

The CHAIRMAN: You are going to submit a memorandum?

Mr. GAUTHIER: I will make a memorandum and send it to you.

Hon. Mr. GRIESBACH: It would help if, while he is doing that, he would refer to the sections by number.

Hon. Mr. TANNER: I have a memorandum which has been handed to me by Senator Dennis, who unfortunately is ill. I do not know anything about the merits of the matter at all, but I would like to read the statement, and possibly some of the gentlemen who are here this afternoon may be able to throw some light on it. It relates to pilotage and comes from a gentleman named Gwyllyn Dunn. It reads as follows:—

Under the head of exempted ships from Compulsory Pilotage, paragraph 416, Item (11), a portion of which reads as follows:

Employed in voyages between any one or more of the provinces of Quebec, New Brunswick, Nova Scotia, or Prince Edward Island, and any other or others of them, etc., etc.

At the end of this condition after the words Prince Edward Island, there should be inserted the word *Ontario*, because unless Ontario is included in this, it means that ships in the Coasting Trade between any of the Maritime Provinces and Montreal are not called upon to pay River Pilotage on the St. Lawrence River, where as if this same Coasting

Vessel from Halifax proceeds through Montreal to let us say Toronto or Cornwall, then it is forced to pay Pilotage on the St. Lawrence River, which appears to me very definite discrimination against Lake Boats, and the Inter-Provincial Steamship Limited of Halifax, of which I am a humble shareholder, has been and will continue to be materially affected if Ontario is not included in this item.

To carry the thing a little further the Act exempts a Coasting Boat from as far south as New York and Newfoundland from paying Pilotage provided they do not go west of Montreal, in other words they must pay this Pilotage if they touch an Ontario port.

The CHAIRMAN: Mr. Dunn was here himself, and although he did not appear before the Committee he gave me a memorandum about that matter.

Are there any further witnesses who desire to be heard? I think Mr. Grey is here.

Captain JOSEPH OSTENS GREY: Mr. Chairman, and gentlemen, it seems to me that I have a rather difficult question to answer, and that I am put in a very difficult situation by the last gentleman who stood in this place and who did not want the crews of Canadian inland waters vessels signed on articles of agreement.

Right Hon. Mr. MEIGHEN: That is Mr. Duthie?

Captain GREY: Yes.

Mr. DUTHIE: I did not say that; I said "before shipping masters."

Captain GREY: It is not a question of signing on crews. As far as I can see, it is a question of personality. I am shipping master at port of Montreal. I have charge of all crews coming into Montreal and going out. I am the father of the seamen, as it were. They come to me with all their troubles and tribulations, and everything else.

Right Hon. Mr. MEIGHEN: If I read this Bill aright, they will not have any more.

Captain GREY: That is what they want.

Hon. Mr. GRIESBACH: What section are you speaking of?

Captain GREY: 188 and 193 at the moment.

The CHAIRMAN: Have you got something, Mr. Grey, to leave with us?

Captain GREY: I have, sir. I would like to leave this with you, but I should like to have about two minutes of your time.

The CHAIRMAN: Go on.

Captain GREY: I would like to say—and I stand unafraid—that for fourteen years I have been told, and have been made to feel indirectly, that the Canada Steamship Lines did not want a shipping master. They do not want jurisdiction over their crews exercised by the Government.

The CHAIRMAN: We do not want to hear of private differences between you and anyone else, Mr. Grey; we just want facts in regard to this Bill.

Captain GREY: The facts of the case are these. If crews of Canadian steamers are not signed on before shipping masters, what protection have the men got? They have none. It is not desired by the last speaker, as far as I can understand, that the crews should be signed on before a shipping master, and therefore we shall have anyone, without any qualifications, signed on any ship for any voyage—whether it is twenty-four hours, twenty-four days or twenty-four months—signed on haphazardly, with such conditions as they choose to impose, and the Government will not have the power to say them nay. What is to prevent anyone falsifying the records of service at the end of the season? If the seamen are not going to be signed on they are not going to be discharged, therefore they are going to be at loose ends. If I, or any of you gentlemen here,

wanted to get a certificate of competency, under the present system we would simply go to some shipping office and ask for the discharges. They have a record of the man's service, his ability and his character. We are told by the opponents to this system that they have the pay-roll. If a ship leaves Sault Ste. Marie in November, bound for Fort William, and she discharges four or five of her crew there, and goes on to Lake Superior and meets a storm and does not come back—and that has happened—who has the record of the men who went on that ship? If the records were in the customs house in Sault Ste. Marie, anyone could get the information, and the mother would know where her son was, and the wife where her husband was. But these people don't want such a provision; they do not want the information anywhere except in their own office pay-roll, and if the ship does not come back the record does not come back, because it goes with the ship. Mr. Duthie spoke about inconvenience to the ships. I have been fourteen years in Montreal and dealt with all classes of ships from the smallest to the largest vessel, to the great big liners, and I have never seen one ship held up one-quarter of an hour through inconvenience or detention for the sake of one man signing off or signing on. I will prove to you gentlemen that there is an elasticity in the Act as laid down in regard to the port of Montreal which is most convenient for the shipping people. A ship arrives at six o'clock, or even at midnight, discharges her cargo and goes out next morning. There is no shipping officer available. They have always had a licence under my jurisdiction to sign their crews off on the ship and sign them on on the ship, and five or six days later the captain sends me the record. So if the Minister of Marine asked where a man is, what ship he is on and where he is going, I can give him the information.

Hon. Mr. GRIESBACH: Will you talk about the law as it is now and the law as it is proposed to be in the Bill. I should like to follow you.

Right Hon. Mr. MEIGHEN: Is the law satisfactory to you?

Captain GREY: As the Act stands in the new Bill, yes, I should like to see it.

Hon. Mr. GRIESBACH: You are in favour of the Bill?

Captain GREY: Yes.

Hon. Mr. GRIESBACH: Now you are proposing to meet arguments against the Bill put forward by this other gentleman?

Captain GREY: Yes. He wanted to change the Bill in regard to the articles of agreement. Captain Mitchell is supervisory officer of the eastern province, Quebec. He demands in his regulations that a man shall produce evidence of his ability and sobriety, and the trade he has been on before he can sit for examination, which is perfectly just. If a man has never entered into articles of agreement and signed off at the end of the voyage, can anyone give that record? Therefore, a seaman who has had two, three, four, five or six years' service cannot take advantage of it simply because the C.S.L. cannot and will not give him any record.

Hon. Mr. McLENNAN: Could you tell the Committee if there are any other important stretches of water where there is no signing on and off?

Captain GREY: No, sir. In the last paragraph of my memorandum I have this: The British Board of Trade whose regulations are admittedly good, require every seaman to sign articles of agreement and be discharged before a shipping master, even these small vessels trading to the Continent or, say, from the Tyne to London, a matter of thirty hours steaming. These are known as weekly ships and sign weekly articles.

This is the point. When they do that the Registrar General of Shipping can put his finger on any seaman or any ship in fresh or salt water at any time of the day or night. I should like to see the same thing in Canada.

Hon. Mr. McLENNAN: Do you know about other countries?

Captain GREY: In Norway they have continuous certificates of discharge and continuous—

The CHAIRMAN: It applies to all ocean going ships the world over. You do not need to specify Norway; it is the universal custom.

Captain GREY: Norway, Sweden, Africa—everywhere else. Why should Canada be left out in the cold?

The CHAIRMAN: The only question on which there appears to be a difference of opinion between you and those who spoke for the Canada Steamship Lines was in regard to the short inland water voyages.

Right Hon. Mr. MEIGHEN: It will add a very heavy burden.

Captain GREY: To whom, sir?

Right Hon. Mr. MEIGHEN: To the steamship trade.

Captain GREY: From a monetary standard, do you mean?

Right Hon. Mr. MEIGHEN: I suppose you are interested in the fees?

Captain GREY: Not so much.

Right Hon. Mr. MEIGHEN: You are a shipping master. I thought you were paid by fees.

Captain GREY: Fees are regulated by the Act.

Right Hon. Mr. MEIGHEN: The more signing on and off, the more fees you get?

Captain GREY: Naturally.

Right Hon. Mr. MEIGHEN: We want to take care that with respect to these small voyages we do not go so far as to impose a burden that will hamper trade.

Captain GREY: I think the question of fees is one of the least we should talk about. It is the least of the expenses that attach to any ship owner. They pay fifty cents for every man signed on and thirty cents on his discharge; it is forty cents and twenty cents up the lakes. I have taken the records back for ten years, the records of fees collectable from inland steamship companies, every one of whom are glad to work with the shipping office but one particular company. I have found that forty dollars per annum per ship covers the expenses per season, half of which can be collected back by the ship owner himself, which means he is getting the protection of the Government of Canada for twenty dollars a year for his crew. I have my records in Montreal for anyone who wants to see them. So I think the question of fees should not enter into it.

The CHAIRMAN: Any further questions?

Mr. DUTHIE: Yes, Mr. Chairman. On account of the statements made, which are not in accordance with the truth, I should like to be given an opportunity to reply.

Hon. Mr. McLENNAN: I do not think, Mr. Chairman, we should have altercations between witnesses and ex-witnesses.

Mr. DUTHIE: What I have to say is very important, because it is very different from what has been said by the last witness. I will guarantee not to take more than two minutes.

The CHAIRMAN: Give an answer to anything said which you think does not agree with the facts.

Mr. DUTHIE: Every seaman is engaged in the beginning of the season before the shipping master or the customs officer. We don't have to do it, but we do do it, so any clauses we have in our articles we feel are legal, and no shipping master or customs officer can say that they are not in accordance with the law. If in Montreal we go to Captain Grey and he signs. The articles we take to him are identical with those on the lakes. We do not have to go to the shipping master at the beginning of the season, because the Act says you can go to a respectable witness, a shipping master or an officer of the

Customs. We can go to one or the other, we have to find a respectable witness. During the season after that we pay off and on in front of a witness, who is generally the mate of the steamer. He initials the articles. Last week we sent thirty dollars to the Department of Marine for the articles of this year. Nevertheless Captain Grey charges \$2.50 for what we make up ourselves. As regards the \$40 a year which he guarantees, I know one boat he stayed on for two hours and put his name to the articles and charged \$56—for work that had been done by others—for the afternoon.

The CHAIRMAN: No personalities.

Mr. DUTHIE: We comply with the law, we use articles, and we don't put any man on articles contrary to the law. We comply exactly with the Act.

The CHAIRMAN: All right. This memorandum of Captain Grey's will be incorporated in the evidence, gentlemen, so you will have it to-morrow.

The following is the memorandum presented by Captain Grey:

INLAND WATERS

I would like to reply to Mr. Duthie why crews of ships should not sign on articles of agreement and be discharged before a shipping master, or other Government official.

It would appear to me sitting in this Committee room since the beginning of the inquiry into this new Bill, that there are amongst us some who ask the guidance, the supervision and protection of the Government of Canada in everything applying or appertaining to the welfare of Canadian Shipping and Commerce; that is, just as far as their ships and trade is concerned, but when the question of the personnel of these ships is concerned, they would like, nay—they want to be a law unto themselves.

These people representing as they do their own particular shipping company, stand in a particularly unenviable position, when they ask that their ship's crew shall be engaged haphazardly, with no law governing them and no one to say them nay.

The members of their ships' crews, from the captain down to the lowest deck boy or waiter, are to be considered in the light of just so many cogs in a huge wheel. That is their wish.

They desire, these people, they ask in fact, that they and only they shall have jurisdiction over their crews. They want absolute control that they might do with them as they will—hire and fire at their pleasure, make their own terms, scale of wages, food, etc., and let the Government go hang.

For 14 years I have watched with great pride the growth of the Canadian Mercantile Marine. I have watched the betterment of the body of men representing the seamen with no less pride. For 14 years—since the Government chose me to represent them as shipping master of Montreal,—I have worked in the interest of seamen and owners alike, and I say now in this year of 1933 every gentleman here must have, and feel, the same pride in the splendid body of men who man the ships of our Canadian Mercantile Marine.

In 1914—if I am not mistaken, the conception of our great Mercantile Marine, on a higher scale, was born in the brain of the then Minister of Marine, The Hon. C. C. Ballantyne, whose idea it was to carry the flag of Canada to every corner of the globe. And with this inception immediately came the uplifting of the Canadian seaman. Previous to this he used to "Ride on a steamboat, or go decking on a grain barge, etc."—to-day he is a seaman and wishes to be known as a seaman.

If these same men who are proud to be known as seamen are to go backward instead of forward, to be known and looked upon as day labourers on a grain barge, or, a package freight boat, then the supervision of the Government, the signing on of crews on articles of agreement and an honourable discharge at the end of the voyage or season is not wanted. But who wants these conditions. No right-thinking man who has the welfare of this great Dominion at heart wants it, I am sure.

We don't want to go backward—we want to go forward.

We don't want to go back to the days of pimps, of wharf rats, boarding houses, blood money. But I am unafraid to say that once the jurisdiction of the Government is lifted or denied, the shipowners of a particular breed will be found who will rejoice in this backward movement.

Honourable gentlemen, I have no fish to fry other than the pride in my profession—the welfare of my staff and the welfare of every shipping master in the Dominion whom at this moment I represent.

I may say that I have had this last few days the opportunity of talking with a number of gentlemen representing the shipping owners and shipping interests of Montreal, and I can truthfully say there has not been raised a voice against this particular measure until this moment.

To sign an agreement before a shipping master under the Shipping Act compiled by this Government is beneficial to the seaman from a standpoint of protection, to the master from a point of discipline, to the owner from practically every standpoint. The majority of the men want it, the majority of the masters want it, and the majority of owners want it.

(1) If this duty is not carried out before an official what record have we for tracing a seaman.

(2) What is to prevent anyone from falsifying his records of service.

(3) What is to prevent a man with false records appearing before an examiner and obtaining a certificate of competency: He may be a butcher, baker, candlestick maker. If he is clever enough to pass an examination, but with no practical knowledge, he is a menace to navigation.

(4) The examination of masters and mates require that any man's service must be verified by the articles of agreement.—What if there are none, or if these are made up on the ship. Who has a record? Who knows who is on that ship?

(5) Case in point—A ship leaves Sault for Fort William—two or three join ship at Sault—ship is never heard of again.—Who knows who was on the ship?

(6) The shipowner will tell you he can verify the man's service by the pay roll. In the above case there is no pay roll. And if there is a pay roll and a man who, say, deserted his ship, who was insubordinate, drunken, can in a year or two years' time go to the owner of the ship and ask for a discharge because he wants to pass an examination. Has this shipowner a record of his character and ability? But he gets a good discharge all the same.

In my capacity of shipping master I have seen fine, clean looking young men being unable to get a ship because he could show no discharges, and his excuse was—the master was not compelled to give him one.

In my capacity of examiner I have seen numberless men turned down, because their service, character and ability could not be verified and the excuse—because they were neither signed on or discharged officially.

The British Board of Trade whose regulations are admittedly good, require every seaman to sign articles of agreement and be discharged before a shipping master, even these small vessels trading to the Continent or say from the Tyne to London, a matter of 30 hours steaming. These are known as weekly ships and sign weekly articles.

The Register General of Shipping can put his finger on any seaman or any ship with fresh or salt water under their keel. I should like it to be the same in Canada.

Question of fees—\$40 per season per ship. Maximum estimate.

Question of inconvenience or detention—Not during my service as shipping master has a ship been detained or inconvenienced. If a change of crew has to be made when no official is obtainable, the master is given licence to sign his man or men on board and report same at the first opportunity, and the same with discharge of seamen.

OTTAWA, April 10, 1933.

J. O. GREY,

Shipping Master,
Montreal.

The CHAIRMAN: Is Mr. Weese here? He is the Member for Prince Edward-Lennox. He has had the matter under consideration and I invited him to be here to-day. He writes me a letter in which he states his objection refers to a ferry which runs between Amherst Island and the mainland.

I have also a communication from Mr. Plunkett, Member for Victoria, B.C. I asked him to attend to-day if he had anything to say to us. Neither of these gentlemen is here.

Right Hon. Mr. MEIGHEN: Gentlemen, I have two letters here from Mr. McMaster of the N.A.M.E.—The National Association of Marine Engineers—in one of which he protests against exempting Canadian coastwise traffic, other than on the Great Lakes, from the necessity of using Canadian manned and crewed vessels. He claims that British vessels come in manned by all sorts of foreigners and take work from the Canadian seamen, who otherwise would qualify for crews. He maintains as well that all this coastal shipping should be reserved for Canadian vessels and crews.

In one letter his complaint is chiefly against the Dominion Coal Company's contract in this regard. In another letter he wants a higher standard, or at least the same standard, of certificated engineers for dredges, rock drills, floating elevators and pile drivers. He says that provision is made for inspecting their boilers and machinery but no provision is made for having these other things in charge of a certificated engineer. I promised that I would lay his points before the Committee.

While I am on my feet, I think it might be worthwhile to say that those of us who have made a very earnest effort to get our minds around this immense piece of legislation, are beginning to realize what a gigantic task the Committee has before it. I say this for the benefit of delegations who are here and who have certain matters that they want to urge with respect to the details of the measure. This legislation is of a character different from anything ever passed in this country; indeed in the progress of the perusal and study of it amazement grows into greater amazement at the nature of the legislation. Parts of the Bill which are taken from the Merchant Shipping Act as well as parts which are taken from our own Act, date back to very remote times, to the days of impressment of seamen and to a multitude of conditions that could hardly exist in the world to-day. Now, if we are going to get through this session we certainly are not going to be able to produce a Bill that will be entirely efficient and

unobjectionable. It will be utterly impossible to take care of all those features that different interests have referred to.

To my mind, the important thing for us will be to see that the outstanding features are taken care of, that is to say that the measure is framed in a sane, sensible and simple way, and especially that its constitutional aspects are sound. I have not read the whole Bill yet—I think Senator Graham has read more of the Bill than I—but up to the point I have gone I cannot help having the greatest possible doubt that these features have not been as fully considered as they will have to be before we get through. I do not want to enlarge upon that now. The most that I can hope for, if we are going to proceed this session, is that we may have a Bill which is constitutionally sound and which will form a base upon which we may from year to year make improvements with a view towards the perfection of our shipping legislation. I question whether those who have brought this burden upon us, by the various Imperial Conferences and amendments, have any realization of the tremendous task involved. However, the measure is here and there is no use in complaining. I know the Committee is ready to give its very best energies to the task.

I do suggest that during the Easter recess we give a little time to examining into the general casting of the legislation, so that we may not get into fields that we cannot continue to occupy. We do not want to waste a lot of time in dotting i's and crossing t's, when possibly the whole base of that feature of the Bill will have to be examined. If we are going to continue as we have been, I do not know any better plan than to start in where we left off, that is at page 53, read only the marginal note, and then have any member here bring to the attention of the Committee any features on which he has made notes. I have made a great many notes, and I fancy some other members have done the same.

I must emphasize, and I ask the various delegations to please keep this in mind, that if we are going to finish this legislation in the present session it will be impossible to meet some of the very strong views that have been expressed. Furthermore, it will be impossible to produce a Bill that will be as free from fault as most measures are when they are first passed. For a long time to come there will be legislation amending parts of this proposed Act. We cannot possibly avoid that. Though this Committee may work hard to get the Bill through to the Commons, in time for passage during this session, we cannot expect to have anything more than a Bill which will be sound in its constitutional aspects, and that it will be a real base to build upon.

Hon. Mr. GRIESBACH: Can we not face the situation that we are not going to put it through this session, and that the work we are doing now is really for next session?

Right Hon. Mr. MEIGHEN: I cannot enlarge on what I have said so far, but I am sometimes driven to the verge of despair on that point.

Hon. Mr. GRIESBACH: I have followed the plan of taking all the memoranda that have been brought in, binding them together, numbering the pages the whole way through, and then carrying the numbers of the pages to the sections concerned. While that is a good enough system as far as it goes, what we really need is an index for this Bill and the evidence and memoranda that have been submitted. Certain subjects are referred to in various parts of the Bill, and a cross index would make it possible to refer to these different sections at any time when one of these subjects was being considered. I do not think we shall get through before the session closes; it seems to me that the work we are doing now is really for next year. But whether we finish this year or not, would it not be worthwhile to instruct someone to commence the preparation of an index immediately? Most of the evidence and memoranda that have been presented here will be almost worthless without an index.

Right Hon. Mr. MEIGHEN: I should like Mr. O'Connor to address the Committee. He has given some considerable study to the measure.

Mr. W. F. O'CONNOR, K.C.: Mr. Chairman and honourable gentlemen, the most prominent thought on my mind is that I face the task of being responsible for the production out of that book of something that will stand as law. What occurred to me, as I looked through the measure, has been lightly touched upon by Senator Meighen. As Mr. Burchell related to the Committee, a sub-committee of a committee of the Dominions and the United Kingdom met in England a year or two ago—

Right Hon. Mr. MEIGHEN: 1929.

Mr. O'CONNOR: First in 1929 and afterwards about 1931.

The representatives of the United Kingdom and the representatives of the various Dominions met and agreed that, pursuant to legislation to be passed—that is the Statute of Westminster—the shipping laws of the various Dominions would be revised so that the shipping laws of what we used to call the British Empire would in the future be administered upon a new theory. That theory was that all were equal partners in a commonwealth, instead of one dominating partner. That seems, in my judgment, at least, to have been rather lightly taken up. We preserved our British North America Act and we preserved these binding forces upon us in Canada—speaking only as a Canadian—and we abolished, by agreement, as a result of that Committee's work, the Colonial Laws Validity Act which, in 1865, provided that whenever an English statute—using the word "English" in a sense which you will understand—whenever an Imperial statute conflicted with the statute of a British possession, the Imperial legislation should prevail and the Dominion legislation be null and void. Now, that has been abolished by the Statute of Westminster.

Right Hon. Mr. MEIGHEN: Is the abolition now in effect?

Mr. O'CONNOR: It is now in effect. The situation under which we were acting was very convenient. Great Britain had consular officers and other officials all over the world where our ships were going, and we in Canada, for example, had the benefit of those officers, and operated in that connection under legislation not passed by ourselves, but Imperial legislation; by virtue of the legislative mandate of the Imperial Parliament, and as of right our ships resorted to and used these consular officers and other officials all over the world.

Now, coming back to the meeting of the Committee in 1929, and afterwards in 1931. The various Dominions—again taking Great Britain as one of the associated Dominions—agreed that that situation with respect to shipping should be protected, and that each should enact for itself shipping legislation which should, as nearly as possible, approximate the Imperial Act of 1894. That is easy to state; but try to put it into execution. There has been no Imperial legislation which gets rid of the Imperial Act under which we have been operating. If there had been, of course, we would at this moment have no law. But that legislation continues, and we are now operating under it, subject to this, that a right which we had to repeal that Imperial Act in certain respects is now gone by virtue of the Statute of Westminster, and we are now sewed up, with no such power to adapt our shipping law as we had under two sections of the 1894 Act.

Right Hon. Mr. MEIGHEN: You say the Colonial Laws Validity Act is no longer in effect? That is to say, where there is an Imperial Act conflicting with our Act. I presume that is an Imperial Act preceding Confederation.

Mr. O'CONNOR: Or since.

Right Hon. Mr. MEIGHEN: Their Act prevails.

Mr. O'CONNOR: That used to be.

Right Hon. Mr. MEIGHEN: Still you say that the Act of 1894, the Merchant Shipping Act is in effect to-day, the reason being that it does not conflict with any Canadian law?

Mr. O'CONNOR: Yes.

Right Hon. Mr. MEIGHEN: But that we have no power to make ineffective such provisions of that Act as applied to Canada?

Mr. O'CONNOR: That is the peculiar situation. The Statute of Westminster provides with respect to two sections of the English Act which enabled us to adapt the Act to our conditions, that while they shall continue to apply to a British possession which is not a Dominion—that is the term—they no longer apply to a British possession which is a Dominion.

Right Hon. Mr. MEIGHEN: Then those two sections are already dead with respect to Canada?

Mr. O'CONNOR: Yes.

Right Hon. Mr. MEIGHEN: What is the effect of those two sections?

Mr. O'CONNOR: They enabled us to repeal, for Canadian purposes, certain particular provisions of the 1894 Act, and to enact for ourselves. And there were other parts of the 1894 English legislation which we had no power to touch at all.

Right Hon. Mr. MEIGHEN: Good gracious! The only parts that we are allowed to touch are the parts which gave us power?

Mr. O'CONNOR: Yes. Because it was anticipated that the Dominions would get their heads together with respect to legislation, and immediately fix the thing up. Two years have passed since then. Here is what happened. I have just stated that as the peculiar position.

The CHAIRMAN: But the Canadian Act still stands and is in force.

Mr. O'CONNOR: Oh, yes.

The CHAIRMAN: We are not at sea in that respect.

Mr. O'CONNOR: No. Unless you have something gigantic and imposing or compelling that you want to put through, you can ride until next year just as well as not. But here is the difficulty I have with the Act as drafted. That Committee met and agreed that certain things should be done, and that there should be assimilation of law. And the Statute of Westminster had the effect I have given you.

Right Hon. Mr. MEIGHEN: Meanwhile the old Merchant Shipping Act applies, all but two sections?

Mr. O'CONNOR: Not all—parts which internally are indicated as applying to us.

Hon. Mr. GRIESBACH: Where we have legislated otherwise?

Mr. O'CONNOR: What we have done with respect to it in the past stands good. The day after the Statute of Westminster was passed we were in exactly the same position as we were in the day before, except in this respect, that our power to enact shipping legislation was increased. Whereas before its enactment, and its incidental repeal of the Colonial Laws Validity Act, when a Canadian ship went to sea she carried with her the law of Britain, she now carries with her, after we enact this Bill, the law of Canada. But as she leaves to-night, as we have not an Act, she continues to carry with her the law of Britain. Up to now that law has been satisfactory to us. I think this may be safely assumed from the fact that it has been lifted wholesale into this drafted legislation.

But here is the trouble. When written it was written for a country which had machinery all over the world to operate it. When we write that law into our Act, when we re-enact it, we have not got the machinery nor have we the power to command the machinery of another country. With deference to those

who conceived so far and drafted so far, I think there has been a misconception of the intent of the sub-committee of the Commonwealth, in that it was intended that each of the Dominions should go back and enact laws respecting its own shipping, plus laws giving to the other Dominions rights within the legislating Dominion.

Hon. Mr. GRIESBACH: Will you kindly repeat that last phrase.

Mr. O'CONNOR: My conception of the intent is that Canada, for example, should legislate with its new power respecting its own shipping, and legislate as well giving to the other Dominions rights when their ships are in Canadian waters; but that the drafting of this Act conceives that Canada can not only enact shipping laws for itself—

Right Hon. Mr. MEIGHEN: Excuse me, Mr. O'Connor. You do not mean that we give powers to the other Dominions—that we cannot do; but you mean we can give rights to the citizens of other Dominions when they are within Canadian territory.

Mr. O'CONNOR: Yes; or also and to the fullest extent with respect to our own shipping, to carry Canadian law with it when it goes to sea, instead of carrying British law with it when it goes to sea.

Right Hon. Mr. GRAHAM: You think the other Dominions would give us reciprocal legislation?

Mr. O'CONNOR: Yes. Now, one of the other Dominions is Great Britain. We will call it the United Kingdom. If the United Kingdom legislated the same way and enacted that we should have the right to resort to British Consular representatives and other Imperial officers all over the world, then you would have a complete and workable scheme which would fit in with the individual views of those who constituted the Committee in 1929 and 1931.

But what is this draft doing? This draft almost from beginning to end—cutting out the sections we have lifted in from the Canadian Act—is imposing obligations upon British Consular officers all over the world. Of course, we can not do that. I have not any doubt about it. I say with positiveness that we cannot.

Hon. Mr. GRIESBACH: Not without arrangements.

Right Hon. Mr. MEIGHEN: We cannot even with arrangements. They have got to do it.

Mr. O'CONNOR: It is a matter of legislative right.

Hon. Mr. McLENNAN: Great Britain could give us the right.

Mr. O'CONNOR: Yes. We have no more command over the Consular Officers of the Imperial Government than we have over the Consular Officers of France. I put it that strong. But Great Britain could concede to us the right by a British statute to do that sort of thing.

Right Hon. Mr. MEIGHEN: No, I don't think she could. She could do it by reciprocal legislation as suggested by Senator Graham.

Mr. O'CONNOR: She could impose an obligation on her Consular Officers.

Right Hon. Mr. MEIGHEN: Yes.

Mr. O'CONNOR: She could put her machinery under an obligation and confer upon us a right, just as we in a number of places in this Act confer rights upon outsiders. I do not question that.

Right Hon. Mr. MEIGHEN: But Australia, for example, had she the officers, could not confer any right on Canada in regard to them, but she could compel her officers to obey the law of Canada in this respect.

Mr. O'CONNOR: Yes.

Right Hon. Mr. GRAHAM: Do you think, broadly speaking, that this British Act, as we have it here, fits in with our Act entirely under the present circumstances?

Mr. O'CONNOR: You mean in the past has it?

Right Hon. Mr. GRAHAM: No.

Right Hon. Mr. MEIGHEN: As it is lifted in? Of course it does not.

Mr. O'CONNOR: No, particularly in the respect I have mentioned. We are too closely adhering to the terminology of the English Act.

Right Hon. Mr. GRAHAM: That is the opinion I formed as I read it, but I did not know.

Mr. O'CONNOR: I venture to make a mere guess as to the cause of that. I have spoken of Great Britain sitting in and by agreement with the other dominions arranging that the things this Act is doing shall be done. Superficially that looks as if Great Britain has given us the right of legislation in this respect.

Right Hon. Mr. MEIGHEN: She has not.

Mr. O'CONNOR: No.

Right Hon. Mr. MEIGHEN: The Westminster Act does not do it.

Mr. O'CONNOR: The Westminster Act does not do it, and no agreement of Great Britain can enlarge our legislative jurisdiction with respect to shipping or anything else. We have to get back from her some of that which, at our request, she has taken from us before we can do that. In other words, Great Britain will have to legislate to give us the right to command her consular and other officers before we shall ever have the right to command those officers.

Now, the things I have spoken of pervade the Act in so far as it deals with what I would call Imperial contacts. In so far as the draft consists of—and to a very large extent it does so consist—liftings in of the former Canadian Act, that is all right and there will be very, very little change indeed there, unless it be change of principle as the result of the applications made. So that the task of refixing, if it is undertaken, will not be so vast as the size of this Bill would indicate. There are also certain portions of the Act which might be in better sequence, and other little things of that kind, but I am not going to take up the time of the Committee by going into detail at this point. My chief trouble, the Bill being committed to me to revise, has been as I have detailed it. I am afraid the conception of the Act is wrong.

Hon. Mr. GRIESBACH: The notion which runs through this legislation is that these ships shall be British ships of Canadian registry. Was not that somebody's idea of the manner in which we would make use of the consular services, and so forth? I raised that question the first day we resumed consideration of the Bill. I can find no other explanation for the general policy of calling these ships British ships of Canadian registry, unless there was some arrangement whereby the British Consular service and general naval protection, and so on, would be involved.

Mr. O'CONNOR: It has been agreed that we should have that.

Right Hon. Mr. MEIGHEN: Mr. O'Connor, to meet the practical difficulty, what you say is that in so far as this Act—and in this you refer wholly to the sections of it that are lifted in from the British Act—purport to impose obligations on British officers, that is, officers who derive their powers solely from the British Parliament, it is ineffective, that we have not power to do so. Now then, in your judgment can we make a reasonably effective Act until British legislation is passed either giving us the power, or imposing upon their consular and other officers the duty, of responding to any requirements of the Canadian statute? Can we make a fairly effective Bill before that time comes?

Mr. O'CONNOR: My answer to that would be an unquestionable no. You had better hold fast to what you have, otherwise you will run the risk of having been held to have abandoned——

Right Hon. Mr. MEIGHEN: ——what we already have, without any effective new law?

Mr. O'CONNOR: Yes.

Hon. Mr. McLENNAN: Coming down from the sublimated atmosphere of constitutional questions, may I ask Mr. O'Connor this: You say that a British ship of Canadian registry, going foreign, on the high seas carries Canadian law with her? What does that mean?

Mr. O'CONNOR: That means that whereas we used to enact, when we did enact shipping law, by virtue of the provisions of the English Act of 1894, hereafter we shall be enacting legislation that proceeds from Canada's power. It was only by virtue of the English Act that we were enabled to legislate with respect to deep sea ships at all. The Canada Shipping Act, in so far as it related to shipping in inland waters, was within our powers through the B.N.A. Act, but in so far as it dealt with deep sea voyages, registration, and all that sort of thing, it was under the Act of 1894. For instance, our registration offices were registration offices under the Act of 1894.

Right Hon. Mr. MEIGHEN: Hereafter there will be inherent powers by virtue of our extraterritorial jurisdiction to follow our own ships to the end of the earth and impose duties upon them wherever they may be, and safeguard seamen and so on. But we shall not have such powers as we venture to assume here to impose obligations upon officers who are not our officers at all in various parts of the world. And we cannot pass this Act and make it effective, and feel safe to cut loose from the moorings of the British Act, unless those obligations are imposed either by us directly under new constitutional powers, or by the British Parliament upon its own officers.

Mr. O'CONNOR: Yes.

Right Hon. Mr. MEIGHEN: And you say that until that it is done it is better to leave the thing alone?

Mr. O'CONNOR: Yes.

Right Hon. Mr. MEIGHEN: I want the Committee to see the parting of the ways that we are at. This question will have to be considered, and I shall have to discuss it with the Department of Justice. I do not like to ask the Committee to labour away on details of the Bill until such major features as that are settled.

Mr. O'CONNOR: This is the first time that I have voiced this idea. I have been thinking of it, but I did not know I was to be asked to speak on it to-day. I should be very happy if I were checked up and found to be wrong. But it is oppressing to me and I cannot get along while this uncertainty is facing me.

Hon. Mr. GRIESBACH: Are the services rendered by those British consular officers necessary to our mercantile marine?

Mr. O'CONNOR: Absolutely.

Hon. Mr. GRIESBACH: Are they valuable services?

The CHAIRMAN: Every mariner would tell you that they are.

Hon. Mr. SINCLAIR: They are indispensable.

Hon. Mr. GRIESBACH: And I take it that they are costly to maintain. Do you know of anything in the history of maritime law which suggests that the taxpayers of Great Britain should pay for those services and give them to us free of charge?

Mr. O'CONNOR: Well, Great Britain has been doing so much of that kind of thing that it is used to it.

Hon. Mr. TANNER: Of course, the ship pays fees for those consular services.

Hon. Mr. McLENNAN: But we get not only the consular services. The navy acts for us and we pay nothing for that.

Hon. Mr. GRIESBACH: Do you know of anything in the maritime law which suggests that the British taxpayers should supply those services to us free of charge?

Mr. O'CONNOR: No.

Hon. Mr. TANNER: They never did.

Right Hon. Mr. MEIGHEN: We can provide in our law for such fees as are fair.

Hon. Mr. GRIESBACH: But such fees would not meet such expenses.

Right Hon. Mr. MEIGHEN: In so far as the services apply to us, I think the fees should cover them.

Hon. Mr. HORSEY: I understood you to say that the British Government had conceded these rights?

Mr. O'CONNOR: By agreement. The different dominions and Great Britain, that is the members of the Commonwealth, agreed that legislation following in effect the 1894 British Act should be enacted by all these dominions. It seems too much to suggest that the point was not foreseen by Great Britain; it seems very presumptuous for me to point this out. Great Britain could not by mere agreement alter the effect of the 1894 Act. Great Britain must have contemplated making amendments to that Act—for instance, an amendment to the very last section of Part I of the Act, which reads: "This Act shall apply to the United Kingdom and to all British possessions." Surely Great Britain did not intend to leave that there. But it is there yet. Great Britain must have contemplated amending her legislation, just as we have set to work to amend ours. The Irish Free State, Australia, and South Africa are considering it. Surely Great Britain is considering it also.

Hon. Mr. HORSEY: The agreement has not been made legal yet by Great Britain?

Mr. O'CONNOR: There has been no legislation. And I suggest to the Committee, with respect, that communication should be had with Great Britain and the various other component members of the so-called Commonwealth, as to what shape their legislation is taking.

Right Hon. Mr. MEIGHEN: Especially Great Britain. And of course we should communicate with the others as well.

Mr. O'CONNOR: Yes. Will honourable gentlemen just think for a moment of the hurly-burly that would result if every one of the Dominions enacted different legislation on various points. There probably would be six or seven different laws with reference to the Consul at Aden in Egypt. All these laws would have their origin in an agreement made by the different members of the Commonwealth, each of which assumed it had the power to enact the legislation because of the general agreement that it had such power. The constitutional aspects of this question are quite different from the legislative aspects. Constitutionally we have the right, but legislatively we have not the right.

Right Hon. Mr. MEIGHEN: Our great practical danger is that if we pass any legislation this session, antecedent to necessary empowering legislation, as it will be, we may land in a chasm where there really is no effective law governing our shipping.

Mr. O'CONNOR: I would be afraid of it.

Right Hon. Mr. MEIGHEN: Thank you very much, Mr. O'Connor.

The CHAIRMAN: I have nothing whatever to say about the legal aspect of the case, but I have given, perhaps, as much study to this Bill as anybody else. I have read it over and over again from the practical standpoint because I am unfortunate enough to be only slightly conversant with shipping. However, I have some suggestions to make. In the first place, I do not think we ought to lose the work that we have done so far, because it is good. I do not believe that in a large Committee like this we will get this Bill ready to go to the other House, even if the legal or constitutional aspects of the case should be all cleared up, within four weeks. We would do very well if we did. Then, it would be extremely doubtful if they would get it through that House before midsummer or later. I suggest that a small committee take up the matter where we leave it to-day, and that they assemble the information that we have secured in such shape that we will be able to remember it when we come back to it another year—if we do come back to it. I think we can carry on safely under the Canada Shipping Act as it is for the next year or two. There are certain suggestions in this consolidated Act that will meet the situation.

Right Hon. Mr. MEIGHEN: For instance, if we think it wise, we can amend the definition of coastal laws.

The CHAIRMAN: We could make some changes in regard to inland shipping. It is surprising to see the different opinions that are held by different people of our own country with regard to many sections. I am quite satisfied that if we took the sections from the British Act and put them in just as they are now there would be many anomalies and some results that would not be at all beneficial to our shipping. I have made a good many notes with regard to sections of the British Act which would be contradictory to our own, and which would cause a great deal of confusion. Senator Meighen, of course, after consulting the Government will know whether we should go on with this. Meantime I would put forward the suggestion that we appoint a committee of three or five who will go on with the work and, as I say, make use of all the information we have got, and so tabulate that information that we will not forget it. After all, notwithstanding the excellent suggestion made by Senator Griesbach, we want more than that; we want to get together the useful parts and discard the duplications. I think that could be done in such a way that when we consider this Bill again we will have the information in a concise form that we will be able to make use of.

Right Hon. Mr. GRAHAM: You think there are some parts of this Bill that we should use as amendments to our own Act this session?

Right Hon. Mr. MEIGHEN: Without passing legislation which would take us out from under the Merchant Shipping Act.

Mr. O'CONNOR: You have full jurisdiction over the coastal trade and inland waters.

The CHAIRMAN: I have here a memorandum left by Commander Agnew which pertains particularly to naval matters.

DEPARTMENT OF NATIONAL DEFENCE

NAVAL SERVICE

OTTAWA, April 7, 1933.

SIR,

Re Bill J.—An Act respecting Shipping in Canada

I have the honour to submit for your consideration, the following remarks concerning Salvage which have been prepared by the Naval Staff for the information of the Deputy Minister of the Department of National Defence (Naval Service).

THE POSITION PRIOR TO THE PROPOSED ACT

2. The Merchant Shipping Act prohibited claims for salvage by any ship belonging to His Majesty in respect to risk to ship, stores, etc.; but allowed the officers and crew to prosecute a claim subject to the express consent of the Admiralty.

3. Tugs and vessels equipped with salvage plant formed an exception, and the Admiralty might claim salvage for their services. The crews of such vessels could also claim for personal services.

4. The Merchant Shipping Act and the relevant King's Regulations presumably governed H.M. Canadian Ships. The powers reserved to the Admiralty under King's Regulations were, in Canada, reserved to the Honourable the Minister of National Defence. In practice, in Canada, no claims have been permitted by the Honourable the Minister since the late war (1914-18).

THE POSITION UNDER THE PROPOSED ACT

5. A clause 627, corresponding to Section 557, of the Merchant Shipping Act, has been included in the Bill, but for the words "any ship belonging to His Majesty" there have been substituted the words "any Government Ship." The draftsman, in a Memorandum accompanying the Bill, makes the following remarks:

Sections 627-632—These sections are adapted from the Merchant Shipping Act but are confined to Government ships (i.e. they do not include ships of the Royal Canadian Navy). Naval vessels have not heretofore been entitled to salvage in Canada and it was not thought to be advisable to extend the right to them in the absence of direct instructions so to do. If, however, it should be thought that the right should be extended to them it could readily be done by substituting the words "any ship belonging to His Majesty" for the words "Government Ship." Government tugs were omitted from the benefit of the section in conformity with the Merchant Shipping Act.

The draftsman's remarks read as if he viewed these sections as giving the ships mentioned in them the right to claim salvage. On the contrary, they prohibit the ships (i.e. the "owners") from claiming at all, and restrict the right of the crew to claim.

6. If the draftsman is correct in his statement that these sections as now worded do not include Naval vessels it appears that a fundamental change in the law will be effected if they are passed without alteration. There will be nothing to prevent claims for salvage by H.M.C. Ships being made in the courts—

- (a) By the "Crown" (as "Owner"), contrary to the previously existing law.
- (b) By the Captain and crews of H.M.C. Ships irrespective of the permission of the Minister of National Defence, which was formerly required.

7. If it is the intention of the Government to maintain the existing state of the law it would appear desirable to restore the wording "any ship belonging to His Majesty," in section 627 and the sections following which relate thereto. It is however observed that no reason is known by the Naval Staff why the Government of the United Kingdom tied its hands in the matter of making claims for salvage. It is possible for instance that a man o' war in the course of salving a valuable ship of a Foreign nation might lose the lives of some personnel thereby rendering the Government

liable to the payment of pensions to their dependents, and consequently having good reasons to claim salvage. Possibly this point should be given some consideration by the Government of Canada.

8. It is, however, considered that the right of personnel of Canadian ships belonging to His Majesty to make claims for salvage on their own behalf, should continue to be subject to the permission of the Minister.

I have the honour to be,

Sir,

Your obedient servant,

R. I. AGNEW,

Commander, R.C.N.

Right Hon. Mr. MEIGHEN: I am quite agreeable to the suggestion that has been made, although I have not discussed it prior to this time, and I will move:

That a committee, consisting of the chairman, Senator Dandurand (or some member to be named by him) and myself, be appointed to consider our position with respect to this Bill; to make recommendations as to the conduct of the Bill before the committee, and to report to this Committee as soon as possible.

Hon. Mr. TANNER: Mr. O'Connor is in constant consultation?

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. GRIESBACH: I have nothing to say against the proposal which has been made, but it occurs to me that clearly we are stopped for this session, but that ultimately we must pass a Bill of this sort.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. GRIESBACH: Then I would suggest to the subcommittee that they might well advise the Committee to continue their labours until the end of the session; and, in view of the fact that we have to deal with this Bill ultimately, that an index be prepared so that when we come to discuss it finally we can proceed expeditiously and intelligently.

Right Hon. Mr. MEIGHEN: I am in accord with that, but I do not want it to be understood that we have abandoned hope of getting something through this session. As I understand it, as long as what we do is by way of amendment to the Canada Shipping Act and within the purview of that Act, we are all right. Of course it may be that the constitutional difficulty that Mr. O'Connor has in mind will dissolve—anything is possible—though I admit that right now it will take some dissolving to get it out of my mind.

Hon. Mr. SINCLAIR: Why should we proceed to prepare an index if we are not sure that it is to be continued?

Hon. Mr. GRIESBACH: We require the index to tell us where certain features are to be found. It is just as important to know where parts that may go out are as where parts that may be retained can be found.

Right Hon. Mr. MEIGHEN: If we are only amending the Canada Shipping Act, I am not sure that an index of this Bill would be valuable, even for next session; however, if it is the intention to go ahead with a Bill such as this at a later date, I think Senator Griesbach's idea is right, that we should try to get the information in better shape to go on with when the time comes.

The motion of Right Hon. Mr. Meighen was agreed to.

Mr. ALEX. JOHNSTON (Former Deputy Minister of the Department of Marine): Mr. Chairman, I am led to make one or two observations as a result of

the remarks made by Mr. O'Connor. So far as I am concerned, there would be no very great difficulty in very substantially agreeing with all that he has said with respect to the major task that has been submitted to the Committee in dealing with this voluminous Bill.

In 1913 some of the members of the Committee will no doubt recollect that we undertook a revision of the Canada Shipping Act, which was considered to be then due. We prepared a draft revision. As a matter of fact it was prepared by the late Mr. Henry of Halifax. A good deal of care and work was put upon that revision. We prepared the draft and proposed that it should be introduced into the House of Commons, with the understanding that no progress should be made with the Bill beyond having it available for the consideration of every interest throughout the country that was concerned with the measure. It gave everybody at all events a year to look the Bill over. At that time all bodies interested were instructed that in the course of the year they should give the Bill as much attention as they possibly could, so that before the next session of Parliament they would be in a position to submit to us such amendments or improvements as they might desire with respect to the particular interests that they represented. That course was adopted and a great many suggestions did come in to the department.

As you, Mr. Chairman, and the other members of the Committee will recall, the War intervened and no further progress was made with the Bill. In 1918, 1919, 1920 and 1921 so many other pressing matters engaged the attention of the Government and of my own particular minister that neither found it convenient to take up the revision of the Canada Shipping Act. Later still it became apparent to me that as a result of negotiations that were under way the time would come, and that pretty soon, when any revision that we might undertake at that time would have to be gone over again in the course of a very few years.

Right Hon. Mr. MEIGHEN: Because of probable constitutional developments.

Mr. JOHNSTON: Exactly. Therefore, I took the responsibility of advising my successive ministers that no very useful purposes would be served by going ahead with this stupendous task.

Now we come to the constitutional changes that have been discussed here this afternoon—the Statute of Westminster. I was more or less familiar with the negotiations that have taken place with respect to those changes. My own idea was that it was most desirable, as between the several dominions, that there should be as great a measure of uniformity as possible in our shipping legislation. I reached that conclusion as the result of discussions that I had with people interested in shipping, who found difficulties when their ships got into one dominion and then passed into another dominion, and there was different legislation here and there. I was filled with the idea, rightly or wrongly, that our aim here should be to bring about the greatest possible measure of uniformity in the shipping legislation of the various dominions.

I pass hurriedly over that, for it is not a matter of very great interest. But in 1913 and 1914 I was at an international conference in London when shipping matters were discussed. I was at a further conference in 1929. I was at a life saving conference in the same year. In 1930 I was at the Load Line Conference. All these questions were discussed between the various representatives of the dominions. They were discussed separately as between ourselves, quite apart from the international proceedings that were going on. Australia and New Zealand, the United Kingdom and India—South Africa had not so much interest in the matter at the time, but still they participated in some of the discussions—were all filled with the idea that our aim should be to bring about the greatest possible uniformity in our shipping laws. The Statute of Westminster was then

on the horizon. It was evident that it was going to become part and parcel of the constitution of the various Empire countries, and my own view was that in those circumstances there was not much use for us to proceed with a revision of the Act.

I discussed the matter in London with the representatives of the British Board of Trade and with the Shipping representatives of Australia, New Zealand, India and South Africa. That was in 1930. Sir Charles Hipwood was then in charge of the branch of the Department of the Board of Trade that deals with shipping matters. He was in entire agreement that as between the United Kingdom and the several dominions, we should undertake to evolve a statute that would have the largest possible measure of uniformity as between the several members of the British Commonwealth. He undertook to endeavour to find time for the officers of his department to get to work in the production of a model Act, which in turn would be submitted to the several dominions. In my view that course was satisfactory. Australia's view was the same, as was also that of India. As a matter of fact, we were all in agreement. Meantime, of course, there had been a good many difficulties in the United Kingdom, and with governments coming and going Sir Charles Hipwood had gone, too, and I do not know exactly what progress has been made.

Quite informally and unofficially I took occasion last summer during the holding of the Imperial Economic Conference here to have a word with Mr. Runciman about the matter, because he is at the Department of the Board of Trade now, and as minister he must be responsible for any changes in the shipping legislation. He had not been at the Board of Trade for any length of time, and so knew very little about it departmentally, but he knew all about it unofficially because his life's work has been very largely connected with shipping. He was filled with the idea that the proper thing for the members of the British Commonwealth to aim at would be as large a measure of uniformity as possible. He said, quite informally, that after he returned he would see whether any progress had been made, or any steps taken to move in that direction.

The idea was discussed informally between the representatives of the several dominions at this Conference, and I want it understood at once that the discussions were purely informal. We were under no instructions to discuss these matters, but they were matters in which we were all interested. What we had in mind was that before any serious consideration was given to the task of revising our shipping legislation it might be possible, and indeed desirable, for the representatives of the several dominions, with the Government of the United Kingdom more or less fathering us, to meet at some convenient place and try to give further consideration to what could be done in the way of producing uniform legislation.

In submitting my own personal views I thought, and still think, that it would be desirable, if it could be found possible, that the representatives of the several dominions should be brought together before any definite and final conclusions are reached with respect to any such serious revision as is contemplated by this immense volume.

Now, some of the difficulties that Mr. O'Connor has raised were foreseen in the discussions that we have had. The consular end of the business is a very important matter for all the Dominions. The consular officers are doing a most useful work for which our people, when they command such service, make their payment. We are not getting the service for nothing.

Hon. Mr. McLENNAN: A Canadian ship would pay the same fees as a ship registered in the United Kingdom?

Mr. JOHNSTON: They have a standard fee, of course. Well, the difficulty to which I have referred was foreseen, and Sir Charles Hipwood said, so far as he felt inclined to speak in an informal way on behalf of the Board of Trade, that there would be no difficulty whatever in making such arrangement in any

statute that would be prepared, so that the service would continue to be available to all the Dominions so long as they wanted it. Legally I did not know what difficulties there would be, but it did not occur to me that there would be any, because so far as he was prepared to speak for the Board of Trade he foresaw none. There was talk here—I forgot whether Mr. O'Connor said it—that the idea would be to proceed along the lines of the Merchant Shipping Act of 1894. Well, it was generally agreed by everybody that there would have to be very substantial departures from that Act. It was also generally agreed that if the several Dominions and the United Kingdom were to get together on this there would be no very great difficulty in producing a statute which would be satisfactory, and that would give to the people in the various Dominions which are engaged in shipping a greater knowledge of the conditions they would have to encounter.

Right Hon. Mr. MEIGHEN: Mr. Johnston, it is probably true that in so far as the Dominions should legislate to assert and give effect to their new powers, the statutes should be practically the same, uniform throughout. But as respects their own inter-coastal trade, there is no need of that at all, is there?

Mr. JOHNSTON: On the contrary, there must always be a very considerable number of matters that will have to be different in Australia from those in this country. But there are some general principles—

Right Hon. Mr. MEIGHEN: Even on inter-coastal trade?

Mr. JOHNSTON: Well, of course, I have strong views on inter-coastal trade. We would at once get into difficulty with the United Kingdom if my views were entertained with respect to that.

The CHAIRMAN: So far as the trade on the coast, the salt water trade is concerned, uniform laws should apply there, shouldn't they?

Mr. JOHNSTON: Except on the Great Lakes.

The CHAIRMAN: I mean on the coast.

Mr. JOHNSTON: Rightly or wrongly, I have held the view all along that we should be in complete control of our coasting trade ourselves, and that was my objection to sections 735 and 736 of the Merchant Shipping Act.

Right Hon. Mr. MEIGHEN: Of the British Act?

Mr. JOHNSTON: Yes. They withheld from us the privilege of legislating for our own coasting trade. Freedom to legislate was extended to us in various other directions, but in this matter that freedom was withheld. And that situation was objectionable to me from the very first.

Right Hon. Mr. MEIGHEN: It is withheld no longer now, is it?

Mr. JOHNSTON: No.

Mr. O'CONNOR: Legally we have the right to get rid of that situation now.

Mr. JOHNSTON: Yes. I always felt that if we had the power we would not use it improperly. I have so stated in documents that have become public property. I am quite sure that the possession of power to legislate with respect to our shipping will not be translated into any desire to work any serious injustice to anyone else. I have felt all along that we should have such power, and particularly on the lakes.

Mr. O'CONNOR: Mr. Chairman, may I ask Mr. Johnston a question?

The CHAIRMAN: Yes.

Mr. O'CONNOR: Mr. Johnston, did your conversations contemplate that such a model Act as you have spoken of should extend to coastal and inland shipping, or would it apply only to the deep sea shipping?

Mr. JOHNSTON: The uniform parts should be entirely those which relate to foreign going carriers.

Right Hon. Mr. MEIGHEN: And should not even apply to salt water inter-coastal trade?

Mr. JOHNSTON: No. At least, that would be my submission.

Mr. O'CONNOR: Would it not be advantageous for Canada to have three separate Acts, inter-communicating, if you like, for the purpose of saving on printing, saying that certain sections of one Act would apply to the other, and so on? That is, would it not be a good thing to have an Act with regard to deep sea matters, one with regard to the coastal trade and a third with respect to inland navigation?

Mr. JOHNSTON: I am not sure that I would be a very competent witness on that question. I should like to give some thought to it.

Right Hon. Mr. MEIGHEN: We might perhaps have one Act divided into three major parts.

Mr. O'CONNOR: Yes.

Right Hon. Mr. GRAHAM: Of necessity there would have to be some such division for convenience.

Mr. JOHNSTON: I was going to make one observation with respect to the issue raised by a gentleman who spoke about the application of the load-line to vessels on the Great Lakes. I suppose the Committee are aware of all the facts in that connection?

Right Hon. Mr. MEIGHEN: We are none too familiar, some of us.

Mr. JOHNSTON: Well, I have always felt that it would be difficult, if not indeed impossible for us to impose regulations on our vessels on the Great Lakes that were not imposed upon vessels of United States register. We should do nothing to make the burden upon our own ships heavier than upon foreign ships. I always felt that whether we liked it or not we had to keep in step with the United States shipping laws, and that we could not move in advance of theirs.

Right Hon. Mr. MEIGHEN: Otherwise, we would be putting our ships under a handicap?

Mr. JOHNSTON: We would put them out of business, in my opinion.

The CHAIRMAN: We might put our own ships out of business.

Mr. JOHNSTON: That is what I say. Mr. Hawken, Mr. McDonnell and I gave the matter a great deal of consideration. We were anxious, of course, that the load line should apply to vessels on the Great Lakes as well as to vessels on the ocean. My own view is that it is just as necessary, but the trouble is with the United States. When the representatives of the United States went to the International Convention in London, in 1930, they were specifically instructed by the Government that shipping on the Great Lakes must remain exempt from any provisions of any convention that would be enacted in London. Inasmuch as the United States were not going to become parties to any convention, I took the position that it would be useless for us to have the convention apply to our vessels on the Great Lakes when the vessels of the United States were exempt. However, I had several discussions with the United States representatives at that convention, and they were agreed as to the necessity of some agreement between the United States and ourselves in regard to vessels on the Great Lakes. The man who was at the head of the United States delegation—Mr. Walker—has since died. He agreed that after the London conference action should be taken to try to bring about a conference between the United States and Canada in order to reach some determination in respect of the application of load line on the Great Lakes, and as a matter of fact we did take up the matter formally

through the regular channels with the Government of the United States. That was one of the very last things I did before going out. Whether any steps have been taken meantime, I do not know.

Mr. HAWKEN: It has not reached fruition yet.

Mr. JOHNSTON: That is the reason, be it good or bad, for the failure to apply load line conditions to vessels on the Great Lakes.

The CHAIRMAN: Thank you, Mr. Johnston.

The Committee adjourned *sine die*.

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